

ton, Mass., favoring 1-cent drop-letter postage legislation; to the Committee on the Post Office and Post Roads.

2693. Also, petition of the Massachusetts Society for Social Hygiene (Inc.) and the Consumers' League of Massachusetts, urging an appropriation for the Woman's Bureau; to the Committee on Appropriations.

2694. By Mr. KENNEDY of Iowa: Petition of the Keokuk Post, No. 41, Iowa Branch of the American Legion, favoring the payment of the \$50 bonus per month to the former service men; to the Committee on Ways and Means.

2695. By Mr. KINKAID: Petition of citizens of Rackett, Nebr., and vicinity, against universal military training, etc.; to the Committee on Military Affairs.

2696. By Mr. O'CONNELL: Petition of Edward F. Caldwell & Co. (Inc.), opposing the passage of the Steagall bill, House bill 12379; to the Committee on Banking and Currency.

2697. Also, petition of United States Park Police Association, Washington, D. C., regarding an additional force of park police; to the Committee on Appropriations.

2698. By Mr. PETERS: Petition of employees of the Cushnoc Paper Co., of Augusta, Me., and of the Lockwood Co., of Waterville, Me., in favor of the daylight-saving law; to the Committee on Interstate and Foreign Commerce.

2699. By Mr. SCULLY: Petition of Local Union No. 96, National Brotherhood of Operative Potters, of Perth Amboy, N. J., opposed to the Sterling-Graham sedition bill; to the Committee on the Judiciary.

2700. Also, petition of Board of Commissioners of the City of Newark, N. J., protesting against the building of a bridge from Elizabethport to Bayonne; to the Committee on Rivers and Harbors.

2701. Also, petition of Newark Post, No. 25, American Legion, of Newark, N. J., favoring \$50 per month of service for ex-soldiers; to the Committee on Ways and Means.

2702. By Mr. TILSON: Petition of the Court of Common Council of Meriden, Conn., favoring daylight saving; to the Committee on Interstate and Foreign Commerce.

2703. By Mr. WEBSTER: Petition of W. H. Brown and numerous other citizens of Okanogan County, Wash., protesting against the passage of any law providing for universal compulsory military training; to the Committee on Military Affairs.

2704. By Mr. YOUNG of North Dakota: Petition of convention of the State Union of the American Society of Equity in North Dakota, urging favorable action on House bill 11852; to the Committee on Appropriations.

SENATE.

WEDNESDAY, March 31, 1920.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we desire to come to the labor of this day out of the moment of serious contemplation of Thy name, that we may carry with us into the duties of the day the high inspiration that can come from beholding Thy face, waiting a moment before Thy throne. Lift up the light of Thy countenance upon us. Give us peace in our hearts and the assurance that we are workers together with God in the great field to which Thou hast called us. We ask it for Christ's sake. Amen.

The PRESIDENT pro tempore (Mr. CUMMINS) resumed the chair.

The Reading Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALLING OF THE ROLL.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Fernald	McKellar	Pomerene
Beckham	France	McLean	Sheppard
Brandegee	Glass	McNary	Smith, Ariz.
Calder	Gronna	Moses	Smith, S. C.
Comer	Harrison	Nelson	Smoot
Culberson	Henderson	New	Sterling
Cummins	Jones, Wash.	Nugent	Swanson
Curtis	Kellogg	Overman	Wadsworth
Dial	Kendrick	Page	Warren
Dillingham	Lenroot	Phelan	
Edge	McCumber	Phipps	

Mr. McKELLAR. The Senator from Nevada [Mr. PITTMAN], the Senator from Oklahoma [Mr. GORE], the Senator from Maryland [Mr. SMITH], the Senator from Kentucky [Mr. STANLEY], and the Senator from Alabama [Mr. UNDERWOOD] are absent on official business.

The senior Senator from Oregon [Mr. CHAMBERLAIN] is detained from the Senate by illness. I ask that this announcement may stand for the day.

Mr. GRONNA. I desire to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is absent, due to illness. I ask that this announcement may stand for the day.

The PRESIDENT pro tempore. Forty-two Senators have answered to their names. There is not a quorum present. The Secretary will call the names of absent Senators.

The names of the absentees were called, and Mr. CAPPER, Mr. KIRBY, and Mr. TOWNSEND answered to their names.

Mr. GAY entered the Chamber and answered to his name.

The PRESIDENT pro tempore. Forty-six Senators have answered to their names. There is not a quorum present.

Mr. CURTIS. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDENT pro tempore. The Sergeant at Arms will execute the order of the Senate.

Mr. WATSON and Mr. TRAMMELL entered the Chamber and answered to their names.

Mr. EDGE. I desire to announce that my colleague [Mr. FRELINGHUYSEN] is unavoidably detained.

Mr. GAY. I wish to announce the absence of my colleague, the senior Senator from Louisiana [Mr. RANDELL], on official business. I ask that this announcement may stand for the day.

Mr. HALE, Mr. THOMAS, Mr. MYERS, and Mr. ELKINS entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Fifty-two Senators have answered to their names. There is a quorum present.

COTTON-IN STORAGE (S. DOC. NO. 263).

The PRESIDENT pro tempore laid before the Senate a communication from the Director of the Census, transmitting, in response to a resolution of the 24th instant, certain information relative to the number of bales of so-called unspinnable cotton, including gin cut, water packed, perished fiber, and linters, in public storage and at concentrating points, which was ordered to lie on the table and be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the joint resolution (S. J. Res. 148) authorizing the Department of Commerce to participate in the National Marine Exposition to be held in New York in April, 1920.

The message also announced that the House had passed a bill (H. R. 13266) making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1921, and for other purposes, in which it requested the concurrence of the Senate.

PETITIONS AND MEMORIALS.

Mr. CURTIS presented a memorial of the American Legion, Department of Kansas, of Wichita, Kans., remonstrating against the sale of Government-built cargo vessels to aliens, which was referred to the Committee on Commerce.

Mr. TOWNSEND presented a petition of the Conopus Club, of Detroit, Mich., praying for the repeal of certain provisions in the so-called Lever Act, which was referred to the Committee on Interstate Commerce.

He also presented a petition of the staff of the public library of Kalamazoo, Mich., praying for the passage of the so-called Kenyon Americanization bill, which was referred to the Committee on Education and Labor.

He also presented a petition of the American Association of Engineers, of Detroit, Mich., praying for the establishment of a department of public works, which was referred to the Committee on Commerce.

He also presented a petition of the Chamber of Commerce of Petoskey, Mich., praying for the enactment of legislation providing a more simplified method of collecting Federal taxes, which was referred to the Committee on Finance.

He also presented a petition of the Federation of Labor, of Detroit, Mich., praying for an investigation into the activities of the Bureau of Immigration, which was referred to the Committee on Immigration.

He also presented a memorial of the Malleable Manufacturers of the United States, of Albion, Mich., remonstrating against the fuel distribution order of the Director of Railroads, which was referred to the Committee on Interstate Commerce.

He also presented a petition of Local Lodge No. 143, National Federation of Postal Employees, of Kalamazoo, Mich., praying for an increase in the salaries of postal employees, which was ordered to lie on the table.

He also presented a petition of the Engineering Society, of Detroit, Mich., praying for the enactment of legislation to increase the compensation of certain civil-service employees, which was referred to the Committee on Commerce.

He also (for Mr. NEWBERRY) presented a petition of the Board of Commerce, of Pontiac, Mich., and a petition of the Conopus Club, of Detroit, Mich., praying for the repeal of certain provisions of the so-called Lever Act, which were referred to the Committee on Interstate Commerce.

He also (for Mr. NEWBERRY) presented a petition of the Chamber of Commerce, of Petoskey, Mich., praying for the enactment of legislation providing a more simplified method of collecting Federal taxes, which was referred to the Committee on Finance.

Mr. McLEAN presented a petition of the Hawthorne Club, of West Haven, Conn., praying for the enactment of legislation providing for vocational education in agriculture and industry, which was referred to the Committee on Education and Labor.

He also presented a petition of the Mothers' Club of West Haven, Conn., praying for the enactment of legislation providing for the continuation of the work of the United States Public Health Service and the Interdepartmental Board of Social Hygiene, which was referred to the Committee on Appropriations.

He also presented a petition of the Trades Council of New Haven, Conn., praying for the enactment of legislation providing for an increased compensation for members of the National Association of Federal Employees, which was referred to the Committee on Appropriations.

He also presented a petition of the Graduate Nurses' Association, of Hartford, Conn., praying for the enactment of legislation providing rank for Army nurses, which was ordered to lie on the table.

He also presented a petition of W. S. Steele Camp, No. 19, United Spanish War Veterans, of Torrington, Conn., praying for the enactment of legislation granting pensions to Spanish War veterans, which was referred to the Committee on Pensions.

He also presented a petition of the American Legion, Department of Connecticut, of Hartford, Conn., and a petition of the Strazza Post, American Legion, Department of Connecticut, of Stafford Springs, Conn., praying for the enactment of legislation providing a bonus for ex-service men, which were referred to the Committee on Military Affairs.

Mr. CAPPER presented memorials of the congregation of the Church of the Brethren, of Elmo; of Diamond Local Lodge, No. 1556, Farmers' Educational and Cooperative Union, of Robinson; and of sundry citizens of Augusta, Buffalo, Lincoln, Altoona, Lawrence, and Kingsdown, all in the State of Kansas, remonstrating against compulsory military training, which were ordered to lie on the table.

REPORTS OF COMMITTEES.

Mr. KENDRICK, from the Committee on Public Lands, to which was referred the bill (S. 3225) for the relief of bona fide settlers who intermarry after having complied with the homestead law for one year, reported it without amendment.

Mr. McNARY, from the Committee on Public Lands, to which was referred the bill (S. 2792) to enlarge the boundaries of the Oregon National Forest, reported it with amendments and submitted a report (No. 495) thereon.

ANNIE E. CARSON.

Mr. CALDER, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred Senate resolution 321, submitted by Mr. OVERMAN on the 5th instant, reported it favorably without amendment, and it was considered by unanimous consent and agreed to, as follows:

Resolved, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay from the miscellaneous items of the contingent fund of the Senate to Annie E. Carson, widow of Robert Carson, late an employee on the maintenance roll of the Senate Office Building, a sum equal to six months' salary at the rate he was receiving by law at the time of his death, said sum to be considered as including funeral expenses and all other allowances.

BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HENDERSON:

A bill (S. 4157) to consolidate certain forest lands within the Humboldt National Forest, in the State of Nevada, and to add

certain lands thereto, and for other purposes; to the Committee on Public Lands.

A bill (S. 4158) to provide for additions and extensions to the United States post office at Reno, Nev.; to the Committee on Public Buildings and Grounds.

By Mr. JONES of Washington:

A bill (S. 4159) for the relief of dispossessed allotted Indians of the Nisqually Reservation, Wash.; to the Committee on Indian Affairs.

A bill (S. 4160) granting an increase of pension to Joseph W. Gay (with accompanying papers); and

A bill (S. 4161) granting an increase of pension to Annie Van Ogle (with accompanying papers); to the Committee on Pensions.

By Mr. McNARY:

A bill (S. 4162) granting a pension to Ettie Serven; to the Committee on Pensions.

By Mr. KELLOGG:

A bill (S. 4163) to incorporate the Roosevelt Memorial Association; to the Committee on the Judiciary.

A bill (S. 4164) granting a pension to Florence G. Tuttle; to the Committee on Pensions.

By Mr. McLEAN:

A bill (S. 4165) granting an increase of pension to Philo S. Bartow (with accompanying papers); to the Committee on Pensions.

By Mr. STERLING:

A joint resolution (S. J. Res. 181) to admit Constance F. Hansen to the character and privileges of a citizen of the United States; to the Committee on Immigration.

By Mr. GORE:

A joint resolution (S. J. Res. 182) to repeal the act approved August 10, 1917, known as the Lever Act, and certain sections of the act amendatory thereof, approved October 22, 1919; to the Committee on Agriculture and Forestry.

AMENDMENT TO LEGISLATIVE, ETC., APPROPRIATIONS.

Mr. DIAL submitted an amendment proposing to appropriate \$1,200 for salary of shipping commissioner at Charleston, S. C., intended to be proposed by him to the legislative, executive, and judicial appropriation bill, which was ordered to lie on the table and be printed.

NITRATE OF SODA.

Mr. SMITH of South Carolina. I introduce a joint resolution which I send to the desk, and, in view of the fact that it involves a matter that is of vital importance to the farmers of the country, I ask unanimous consent for its immediate consideration. The joint resolution has been approved both by the Agricultural Department and by the War Department, but they find there is no law by which they can perform the service which is desired. The matter is absolutely safeguarded, and I have drawn the joint resolution in accordance with the recommendations of the departments. I hope it may be considered and passed.

Mr. SMOOT. Mr. President, did I understand the Senator from South Carolina to say that this is a joint resolution?

Mr. SMITH of South Carolina. Yes.

Mr. SMOOT. Then, Mr. President, under the rules of the Senate it must be referred to a committee. The Senator can then have it reported from the committee at once, if the committee be in favor of it, and he can then ask unanimous consent for its immediate consideration. The rules, however, require that all such resolutions shall be referred to a committee. If it were merely a Senate resolution, of course, that would not have to be done.

Mr. SMITH of South Carolina. This proposed legislation has to be in the form of a joint resolution, in order that it may be signed by the President and become operative. Under the suggestion of the Senator from Utah, Mr. President, I will merely introduce the joint resolution and have it referred to the proper committee. I presume it should be referred to the Committee on Agriculture and Forestry, and I will ask that that action may be taken.

Mr. POMERENE. May I ask the Senator from South Carolina a question?

Mr. SMITH of South Carolina. Certainly.

Mr. POMERENE. I desire to ask what plan is devised by the joint resolution for the distribution of the surplus nitrates to the farmers?

Mr. SMITH of South Carolina. The same machinery is provided which was provided in a resolution offered by me last year for the distribution of the Government's purchase of Chilean nitrates to the farmers.

The joint resolution (S. J. Res. 180) authorizing the Secretary of War to turn over to agricultural fertilizer distributors

or users a supply of nitrate of soda was read twice by its title and referred to the Committee on Agriculture and Forestry.

Mr. SMITH of South Carolina subsequently said: I am directed by the Committee on Agriculture and Forestry, to which was referred the joint resolution (S. J. Res. 180) authorizing the Secretary of War to turn over to agricultural fertilizer distributors or emergency users a supply of nitrate of soda, to report it favorably without amendment, and I ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. The Secretary will read the joint resolution.

The joint resolution was read, as follows:

Resolved, etc., That in order to meet the existing emergency in the shortage of fertilizers, the Secretary of War is hereby authorized to turn over to agricultural fertilizer distributors or users in this country such quantity of the nitrate of soda held as a reserve supply by the War Department as in his opinion can be spared consistently with the military needs of the Government, such stocks so turned over to be replaced by such fertilizer distributors or users with an equivalent amount of nitrate, the turning over and replacement being under such guaranties as the Secretary of War may prescribe.

The PRESIDENT pro tempore. The Senator from South Carolina asks unanimous consent for the present consideration of the joint resolution. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

RAILROAD LABOR BOARD.

Mr. BRANDEGEE. Mr. President, I send to the desk and ask to have read a telegram which I have received from a labor organization in Hartford, Conn.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The telegram was read, as follows:

HARTFORD, CONN., March 15, 1920.

HON. FRANK B. BRANDEGEE,
Senate, Washington, D. C.:

Am informed that appointments on board created by Cummins-Esch bill will come before Senate for confirmation. Would respectfully request that you endeavor to effect the appointment of a member of our organization to represent employees who are not affiliated with the American Federation of Labor. Heretofore our members and the unorganized railroad employees of the country have not received any consideration from wage or adjustment boards appointed by the Railroad Administration. Your efforts to obtain justice in our behalf will be greatly appreciated.

H. P. FRANZ,

Recording Secretary Hartford Lodge, No. 29,
American Federation of Railroad Employees.

Mr. BRANDEGEE. Mr. President, I wrote the gentleman sending this telegram that, of course, I had no power of influencing the nominations that might be made by the President to this board or whatever it may be, but that I would have their telegram read in the Senate, in order that those concerned might take notice of it.

DISPOSAL OF AIR-SERVICE MATERIAL.

Mr. President, I wish to call the attention of the Senate to two letters and two telegrams which I have received from the American Lacquer Co., of Bridgeport, Conn., which relate to the prices which are being asked by the War Department in the sale of second-hand materials which they have in stock. Of course, I know nothing about the facts, but I assume that they are as stated by the writers, because there is a telegram from the department in reference to a bid which they made. I think the matter is of sufficient interest to have the communications read by the Secretary, if I may, by unanimous consent.

The PRESIDENT pro tempore. Without objection, the Secretary will read as requested.

The Reading Clerk read as follows:

BRIDGEPORT, CONN., March 17, 1920.

HON. F. B. BRANDEGEE,
United States Senate, Washington, D. C.

DEAR SIR: We want relief from the profiteering game of the alcohol companies. Denatured alcohol sold six months ago at 45 cents; to-day, after being advanced 25 cents per gallon over Sunday, it is held for \$1 per gallon.

From past two years' experience we know that this appeal is useless, but want to go on record that we have advised you of the most rotten piece of gouging in the country to-day. What

is the matter with Washington that our Representatives have no concern about anything except a politically damned and dead treaty?

Yours, very truly,

THE AMERICAN LACQUER CO.,
C. E. PERKINS, President.

MARCH 17, 1920.

Air Service, Material Disposal and Salvage Division, New York district office.

The American Lacquer Co., Bridgeport, Conn.

Inability to accept bid on sheet No. 3747.

1. Referring to your bid dated March 15, quoting prices on material described on sheet No. 3747, we regret to advise that inasmuch as your bid is too low for our consideration we are unable to take advantage of the same.

2. However, should you care to revise your bid on this material we would be pleased to hear from you.

ROBERT COKER,

Captain, A. S. A., District Manager M. D. & S. Div.

By FRANK W. WEEKS,

Chief Sales Section.

MARCH 15, 1920.

WAR DEPARTMENT, MATERIAL DISPOSAL AND SALVAGE DIVISION,
AIR SERVICE, 360 Madison Avenue, New York, City.

GENTLEMEN: We would like to get a carload of acetate of lime and herein offer \$2 per hundredweight f. o. b. Bridgeport, less 1 per cent cash. As this is the market price at the present time, we trust it will be acceptable.

Yours, very truly,

THE AMERICAN LACQUER CO.,
_____, President.

BRIDGEPORT, CONN., March 18, 1920.

HON. FRANK B. BRANDEGEE,

United States Senate, Washington, D. C.

DEAR SIR: We inclose another object lesson showing how the War Department is helping to the best of its ability to raise prices still higher. The market price of acetate of lime yesterday in carload lots was 2 cents per pound f. o. b. buyer's city. (This can be confirmed by writing the Oil, Paint, and Drug Reporter, 100 Williams Street, New York City, the leading chemical paper, or William S. Gray & Co., 80 Maiden Lane, New York City, who handle the output of this article in the country.)

We tried to get acetate of lime from Gray, but they told us that on account of the different wood-alcohol refineries being slowed down they had none to offer, but stated the Government had it for sale. We offered the Government the market price, as per our letter, with the result that the Government wants more money and are trying to advance the price higher than the real market has been for six months.

We admit this is nothing in the life of the war bureaucrats who are running this department, but it is something in our life, as we are barred from doing business and asked more by the Government for goods they are holding secondhand than the present market price.

A copy of this letter is being mailed to the Secretary of War and the editors of the New York World and New York Tribune. There must be an end to this price raising and there must be a way to let small concerns like ourselves live. Before we are pushed out of business you may depend on it that some one is going to know it.

Yours, very truly,

THE AMERICAN LACQUER CO.,
C. E. PERKINS, President.

N. B.—The point we want to emphasize is our Government officials are deliberately demanding more money from us than the market price.

Mr. BRANDEGEE. Mr. President, as I have said, of course, I am not familiar with the market conditions of all these materials, and I am putting these communications into the Record in the hope that the department, if the facts are true, will in their own way give some proper explanation. It seems to me absurd for the Government to be holding surplus materials which they do not need and which are, at least in the trade, classed as secondhand at prices higher than the market prices. I hope some explanation will be forthcoming.

POST OFFICE APPROPRIATIONS.

Mr. TOWNSEND. On Monday last the Senate passed the Post Office appropriation bill. I expected that it would have been sent to the House on yesterday, but it was not. In order to expedite the passage of the bill and get it into conference, I move that the Senate request a conference with the House of

Representatives upon the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. TOWNSEND, Mr. STERLING, Mr. PHIPPS, Mr. BECKHAM, and Mr. HENDERSON conferees on the part of the Senate.

HOUSE BILL REFERRED.

H. R. 13266. An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1921, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

LEGISLATIVE, ETC., APPROPRIATIONS.

Mr. WARREN. I ask unanimous consent that the Senate proceed to the consideration of House bill 12610, being the legislative, executive, and judicial appropriation bill.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12610) making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1921, and for other purposes.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from New York [Mr. CALDER] to the amendment reported by the committee.

PRESIDENTIAL CANDIDACY OF MR. HOOVER.

Mr. McKELLAR. Mr. President, in making his announcement this morning as a candidate for the Republican nomination for the Presidency, Mr. Hoover, among other things, said:

If the Republican Party—with the independent element of which I am naturally affiliated—adopts a forward-looking, liberal, constructive platform on the treaty and on our economic issues, * * * I will give it my support. While I do not, and will not, myself seek the nomination, if it is felt that the issues necessitate it and it is demanded of me, I can not refuse service.

Of course, that eliminates Mr. Hoover as a candidate of the party to which I belong, a fact of which I am glad, for I have already announced I could not support him, but, inasmuch as he speaks of economic issues, I wish to call the attention of my Republican friends to Mr. Hoover's very remarkable pronouncement made recently on economic issues. A few days ago I was traveling on a railroad train and came across a copy of the Philadelphia Public Ledger which contained an article about Mr. Hoover that interested me somewhat, and I am going to call the attention of the Senate and of the country to it, as I think it will be interesting to others.

The date of it is March 25, 1920, and the headline reads as follows:

POSITIVE HOOVER WOULD BE ELECTED—MEN OF ALL PARTIES IN BOSTON LOUDLY CHEER FORMER FOOD CHIEF—LABOR PROBLEMS ARE AIDED.

BOSTON, March 25.

The relationship of employer and employee, as considered by the national industrial conference of which he was a member, and the difference in the point of view of the conference and that of Kansas legislation for the judicial settlement of labor disputes, were discussed by Herbert Hoover in an address before the chamber of commerce here yesterday.

Enthusiasm ran very high, and Edward A. Filene, one of Boston's biggest dry goods merchants, who in Boston is credited with being the original Wilson man in this city, led the cheering, both before and after the dinner. Mr. Filene was willing to wager 2 to 1 that Mr. Hoover, if nominated by the Democrats, would be elected, while if nominated by the Republicans he would make the odds 5 to 1 on his election.

The audience which assembled at the Copley Plaza to hear Mr. Hoover was the largest which has ever attended such a function. It was composed of the substantial business men of Boston, regardless of political party, and the numbers were so large—1,570—that it was necessary to have Mr. Hoover speak twice in different dining halls.

I call especial attention to the enthusiasm reported in this article. "Men of all parties in Boston loudly cheer former food chief." "Enthusiasm ran very high," says the article. "Mr. Filene * * * led the cheering," says the article; and then follows the remarkable economic policy that Mr. Hoover announced on that occasion, and I submit that policy to my good Republican friends who expect to support Mr. Hoover. I hope Senators will listen to it.

Mr. Hoover says:

The conference has endeavored to find a plan for systematic organization of the forces that are making for better relationships, to encourage growing acceptance of collective bargaining by providing a method that should enable it to meet objections of its critics, and to aggregate around this the forces of conciliation and arbitration now in such wide use.

I hope some gentleman learned in the use of language and the meaning of language will kindly suggest what this first statement of Mr. Hoover means. I must be dull witted, for after some study I can not really determine that it has any meaning at all, and if any Senator can give it a meaning I hope he will do so. Mr. Hoover seems to be running on two issues, one favoring the League of Nations with apparently the Lodge reservations and the other a progressive economic issue. As this is his economic issue, it is important that voters should know what it is.

To use Mr. Hoover's statement of this issue is unintelligible, and if Senators can aid me in ascertaining what he means I shall be glad to have their aid. But I continue to quote:

It—

And I might stop right there to wonder what "it" refers to. It may possibly refer to the conference, or it may refer to the "systematic organization" of certain forces, or it may refer to "better relationships," or it may even refer to "collective bargaining." Of course, it may be immaterial in Mr. Hoover's mind as to which one it should refer to. He does not disclose to us; but, at all events, I read:

It has sought to do this without legal repression but with the organized pressure of public opinion.

That is Mr. Hoover's economic plan, the announcement of an economic policy for you Republicans to put in your platform; and here is what he says it means to him. I admit that I must be a dull-witted man, for I am utterly unable to comprehend any meaning to it at all; but here is what Mr. Hoover says it means to him, and I quote him literally:

To me there is no question that we should try the experiment of the perhaps longer road, proposed by the industrial conference, for development of mutuality of relationship between employer and employee rather than to enter upon summary action of court decision that may both stifle the delicate adjustment of industrial processes and cause serious conflict over human rights.

Mr. GRONNA. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from North Dakota?

Mr. McKELLAR. Will the Senator wait just one minute? I will yield to the Senator in just a minute. Then Mr. Hoover adds in further explanation of his statement of his economic issue, without which issue he says he will not accept a nomination for the Presidency:

To me the upbuilding of the sense of responsibility and of intelligence in each individual unit in the United States, with the intervention of Government only to promote the development of these relations, the suppression of domination by any one group over another, is the basis upon which democracy must progress.

I may interpolate here that if that is the only basis on which democracy can progress, I feel very sorry for democracy, because I challenge any Senator—and I am going to give the Senator from North Dakota the first chance at it in just a minute—I challenge any Senator to say what Mr. Hoover's economic issue as stated by him, or even his explanation of his own suggestion about this economic issue, actually means in English. I am reminded of the old lady who went to church and heard the minister preach. When she was asked her opinion as to what he said, she said, "Well, he talked about Bethesda and Bethlehem and Beersheba and Mesopotamia, and all those words sounded so well that I just thought it was grand." [Laughter.] So it seems to me that the best that can be said of this speech is that Mr. Hoover has gotten together in one sentence a number of words which in part are misused without really knowing what he intended to say. The remarkable part about it is that a Boston audience, according to this paper—Boston, of all places in this Republic, and men of all parties in Boston, the great educational center of the country—cheered wildly these remarkable so-called economic statements of the then prospective candidate for the Presidency on both tickets, though it is now understood that he will not accept the nomination except on one ticket; and the enthusiasm ran very high in Boston on the announcement of such a doctrine as that!

I want to say that I challenge any Senator, or anyone out of the Senate, to take Mr. Hoover's announcement of an economic platform as reported in this newspaper account and say what it means. It is a great source of regret to me, I am very sorry, that Mr. Hoover happens to be over 25 years of age. If he were under 25, he could compete with the other young Republicans of the country in getting Mr. Will Hays's prize, because surely this candidate, your candidate for President, would enter the competition on one of his two stated issues.

Mr. GRONNA. Mr. President—

Mr. McKELLAR. I now take pleasure in yielding to the Senator from North Dakota.

Mr. GRONNA. Of course I do not intend even to make an effort to analyze anything that Mr. Hoover may say or has said, but I should like to ask the Senator from Tennessee if his party has given up all hope of being able to induce Mr. Hoover to become the candidate for the Presidency on the Democratic ticket?

Mr. McKELLAR. I can not answer for my party about that; after the announcement of this economic issue of Mr. Hoover's, which statement of it I do not believe a man, woman, or child in America can understand, and I do not see how anyone could fail to support him! It may be that anyone that runs may read and understand that platform; but I think the faster a

person ran the more sense he could get out of the platform as he read it.

Mr. BRANDEGEE. Mr. President—

Mr. McKELLAR. I yield to the Senator from Connecticut.

Mr. BRANDEGEE. Does not the Senator understand that if anybody could understand that uplifting and forward-looking conglomeration—

Mr. McKELLAR. That progressive platform.

Mr. BRANDEGEE (continuing). Its political utility for fooling the gulls would be gone?

Mr. McKELLAR. Possibly that is the only sensible purpose this statement of the issue could have—that this candidate for the Presidency had gotten hold of a dictionary and, as he expresses it, "aggregated" enough words—I believe I have usually heard the word "congregated" used, even with reference to words—he had congregated together enough words to make people read his statement and wonder what he meant. It may be a form of advertisement, at which your new Republican candidate for President seems to be a master hand. It may be that this announcement of an economic plank, a progressive plank, in your platform is meant for advertising purposes; but if it is not meant for that, then I do not believe the human mind can understand what it is meant for, or give it a substantial meaning.

Mr. BRANDEGEE. Does not the Senator know that the reason why this announcement was greeted with such stupendous enthusiasm in Boston was because they could not understand it? [Laughter.]

Mr. McKELLAR. The remarkable part about that, I will say to the Senator from Connecticut, is that Boston, with all of its intelligence and all of its learning, could not have discovered it was the mere collection of words rather than the statement of an economic issue. How Boston could have cheered the use of these words, as stated in this newspaper, will remain to me a mystery.

Mr. THOMAS. Mr. President, if it be true, as the Senator contends, that Mr. Hoover has made a declaration that nobody can understand, then he certainly is a very formidable candidate for nomination by both parties.

Mr. McKELLAR. I can only judge the matter by reminding the Senator that P. T. Barnum used to say that the American public love to be humbugged. I agree with the Senator. I think it is on that theory that this marvelous, remarkable announcement was made, an announcement that would kill any ordinary man in this country forever in the minds of his fellow citizens, an announcement of an economic platform that is without any intelligible meaning. I want to recommend, however, that if you Republicans do select Mr. Hoover as your standard bearer, when you come to announce your economic plank be certain to accept this economic plank as stated by Mr. Hoover. You can then be perfectly safe in giving it any meaning you please.

Mr. GRONNA. Mr. President—

The PRESIDENT pro tempore. Does the Senator yield to the Senator from North Dakota?

Mr. McKELLAR. I was going to yield the floor, but I shall be glad to answer any question the Senator may have to ask.

Mr. GRONNA. I want to remind the Senator from Tennessee of what happened during the war, when his party was in power. Mr. Hoover was able to charm not only the Members on this side of the Chamber, but he was able to charm even the Senator from Tennessee.

Mr. McKELLAR. I do not know so much about the last part of that statement. You had better look at the Record and see how the vote was before you make any such statement.

Mr. GRONNA. If the Senator from Tennessee will take some of the hearings and read the statements made by the gentleman to whom he has referred, Mr. Hoover, he will find that exactly the same terms and the same phrases were used by him then that he is using now, and those phrases, let me say to the Senator, cost the American wheat farmers more than \$2,000,000,000 during the war.

Mr. McKELLAR. If the Senator will permit me, I will say to him that he is exercising an unfair advantage of me if, as a member of the Committee on Agriculture or as chairman of that committee, he heard Mr. Hoover use this kind of language before. It may be that the Senator is in a better position to determine his meaning than I am, who never read the hearings about which the Senator speaks, and it may be that the Senator can accept my challenge, to wit, to explain what this language means.

Mr. GRONNA. Mr. President, I can only judge the future by the past, and I can only interpret phrases by what they meant in the past. For instance, take the phrase "a stabilizing price." That was one of the phrases used by Mr. Hoover. It really meant to take from the American farmer the real

price, the price to which he was entitled under the law of supply and demand, and leave the power in the hands of Hoover, or those who were associated with him, to take from the American farmer what I have stated, more than \$2,000,000,000.

Mr. McKELLAR. Was that the meaning of the language that the present candidate for the Presidency used when he said "to aggregate around this the forces of conciliation and arbitration"?

Did he propose "to aggregate" these stabilizing influences in any way? I am curious to know what he meant, then. I am but seeking information. It may be that my lack of understanding of the meaning of words of the English language is at fault. It must be that when this man who is a candidate for the Presidency uses certain words he has some meaning, and I renew my challenge to any gentleman on either side of the Senate to give us the meaning of this great progressive statesman, who has been an active candidate of two parties for the presidential nomination, and has now only just confined his operations to only one of the great parties. I would like to know what he means.

Mr. ASHURST. Mr. President—

Mr. McKELLAR. I yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, Mr. Hoover is a practical, successful business man, and I am not astonished that politicians do not understand the language he uses, the language of plain, direct talking. Having been a success, it is not at all improbable or impossible that politicians will not understand the sort of language he speaks. But the people of the United States will understand the language Mr. Hoover speaks.

Mr. McKELLAR. Mr. President, replying to my distinguished friend, I wish to say that I frankly admit that I am just a very plain politician. I do not claim to be one of the business citizens of the Republic who can understand this so-called plain language used by Mr. Hoover. My friend from Arizona is not a politician; he does not claim to be a politician.

Mr. ASHURST. I should like to know how I would be here if I am not a politician.

Mr. McKELLAR. My friend from Arizona claims to be merely a business man and is a statesman. Now, I challenge him, the plain business man and the statesman of this body, and the defender of Mr. Hoover, to take this language and tell the Senate and the public what it means.

Mr. ASHURST. Mr. President, I can explain any kind of language. I have been working for a number of years with men who can decorate any proposition with the most gorgeous kind of linguistic plumage. It is no trouble for me to understand Hoover's language. But I have not yet been told what it is; I want to know when Mr. Hoover used it.

Mr. McKELLAR. I will pass the article to the Senator and let him examine it at length, and after he examines it, I hope he will tell us what it means. I would like to have his interpretation of it. I pass it over to the Senator.

Mr. ASHURST. I am not going to take up the time of the Senate. I will take it and look it up. This has been denied.

Mr. McKELLAR. Denied by whom?

Mr. ASHURST. I will tell the Senator in the cloak room or at the next Democratic caucus, when we hold one.

Mr. President, after examining the clipping I find I am mistaken. The interview has not been denied, so far as I know.

LEGISLATIVE, ETC., APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12610) making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1921, and for other purposes.

Mr. THOMAS. Mr. President, I should take the criticism of Mr. Hoover by the Senator from Tennessee more seriously if he had made it before Mr. Hoover announced his intention to enter the Republican primaries. I do not care, however, to occupy the time of the Senate, under the circumstances, with a further discussion of that gentleman, but rather to address myself to the amendment now pending to the bill under consideration.

If I am correctly informed as to the facts, I shall support the amendment offered by the Senator from New York [Mr. CALDER] to the amendment of the committee. Last autumn I deemed it my duty to criticize the police force of the city of Washington because it had organized and then affiliated with the American Federation of Labor. I regarded that act as not only unsound and unwise, but as decidedly inimical to the public welfare and inconsistent with the duties imposed by law upon a police force.

My attitude then aroused some resentment, but the position which I and other Senators then took was vindicated by the conduct of the Boston police force, followed by the verdict of

the people of the State of Massachusetts, and I think it has been and is being vindicated everywhere in this country where such organizations exist, and are faced with the alternative of discharge of their duty or the need to follow antagonistic inclination.

Shortly after the Boston episode the police force of this city very wisely and patriotically consented to surrender its charter to the American Federation, and to keep itself aloof from all obligations akin to that resting upon them by virtue of such affiliation.

The city firemen, then having in contemplation similar action, doubtless influenced by the attitude of the police force, followed their example, and are therefore entitled to equal commendation.

As a part of the negotiation leading up to this desirable conclusion, the matter of compensation was considered, and a schedule of compensation agreed upon. That schedule was embodied in a bill presented by the Committee on the District of Columbia, of which the senior Senator from Illinois [Mr. SHERMAN] is chairman, and was enacted into a law by the Congress. Among other items of compensation this bonus was considered. My information is that it was agreed, expressly or impliedly, that this compensation should continue while conditions of living continued as they were at the time of the arrangement.

Assuming that to be true, Mr. President, and with every disposition to be fair to all men, I deem it my duty to vote for this amendment, because living conditions have not improved. On the contrary, they are constantly becoming worse, that being the inevitable consequence of this attempt to extinguish a fire by throwing oil upon it. I have had occasion more than once to emphasize the fact that an increase in wages, inevitably followed by an increase in prices, constitutes a vicious circle ever traveling upward, and bound in time to collapse under the inevitable action of the law of commercial gravitation. But because of the desire for immediate relief, coupled with the political influence which stands behind every such movement in these days, which is naturally supported by the retailers of the locality, who are the real beneficiaries of such legislation, Congress determined to pursue that policy.

I knew two years ago, when the \$240 bonus was provided for, that it would necessarily lead to a demand for a \$480 bonus, the natural outgrowth of conditions, not because the employees desired to embarrass the Government but simply because the \$240 having been absorbed by the corresponding rise in prices \$480 would be needed for the ensuing year, and should that be granted \$960 will be required for the next year, and so on, until the structure reaches a height which its own weight can not sustain, and the inevitable collapse will result.

But as regards these forces the understanding should be respected. I am informed by members of the department what that understanding is, and having made it we should respect it, notwithstanding that it involves an increase in the total amount of our annual expenditures in the District.

Mr. DIAL. Who made the contract, and with whom was it made?

Mr. THOMAS. Perhaps it is not proper to call it a contract. The negotiations between the members of the Committee on the District of Columbia and the police and fire departments of the city, due to the action of the former in affiliating themselves with the American Federation of Labor, and the opposition which that developed, led to a general understanding, which culminated in the conditions to which I have referred. Such an understanding is binding upon me, in conscience, quite as fully as though it were a contract, although I concede that no power exists to make such an agreement binding upon a succeeding Congress or, indeed, upon itself.

Mr. DIAL. Mr. President, I was on that committee at that time, and I made no such agreement, and no one was authorized to make any such agreement for me.

Mr. THOMAS. I may be misinformed, Mr. President. I have no first-hand knowledge about it.

Mr. CALDER. Mr. President, will the Senator yield?

Mr. THOMAS. I yield.

Mr. CALDER. I was chairman of the subcommittee which reported the legislation, and in my conferences with the House Committee on the District of Columbia, and also in my talks with the police, it was the general understanding, as far as it could be, when they were getting this raise that it included the bonus and that it was to continue.

I so discussed this with them, and agreed, so far as I could, to that arrangement.

Mr. DIAL. I do not question the statement of the Senator from New York to the extent of whatever discretion he had.

It was not in his power to bind the committee. He had no such authority, and no such authority was asked.

Mr. THOMAS. I have stated, Mr. President, that no one had power to bind the committee as to any such matter, and the committee has no power to bind the Congress. That I concede. But there is such a thing as a moral understanding, quite as binding upon some men as any other.

I am very much concerned about the tendency of public officials—municipal, State, and Federal—to organize and affiliate with outside private organizations using the strike as a weapon for enforcing demands. Inasmuch as we have made a good commencement to counteract it in the District, I am willing to stretch a point, if that is necessary to make it effective, by removing any possible cause for criticism or complaint.

The situation then confronting the country, and the District particularly at that time, was a very serious one. My distinguished friend the Senator from Montana [Mr. MYERS] and myself, neither of us claiming any superior degree of foresight, long ago directed the attention of the Senate and, through the Senate, of the country to this tendency, and he has done his best to correct it by appropriate legislation, thus far unsuccessfully. I wish we could put upon this bill and upon every appropriation bill we pass his proposal that the compensation provided for shall not be paid to any official belonging to an organization affiliated with an outside organization using the strike as a weapon, for no man can serve two masters; and it goes without saying that the obligation to support the Government and an obligation to obey an outside authority will inevitably conflict.

The man subject to both obligations must choose whom he will serve, and we know by experience that as between the Government and these huge industrial organizations the Government is generally given second choice.

We have but to read the dispatches in the morning paper from Chicago if we need an object lesson on the practical consequences of industrial organizations among public employees. A large part of the municipal force in that great city are on strike. They have picketed the city hall and are indulging in the usual methods of pickets with every individual having occasion to enter that public building owned by the people, built from the public revenues, and sustained by public taxation. Their demand is for increased compensation.

Now, I put it to any thinking man and woman whether it be possible to continue the exercise of any governmental function, however necessary nationally, to the States, or to the municipalities, if organizations of men and women employed to serve the public can by combination interfere with the usual course of governmental machinery and produce governmental chaos unless and until their demands are satisfied. It can not be permitted, and I regret very much that such a condition of affairs even seemingly receives exculpation or defense at the hands of United States Senators.

I think I may say without fear of successful contradiction that the first duty of every employee, from the Presidency down to the city scavenger, is to serve the public as required by the duties of the particular place which he occupies, and if he is unable to do so for any reason then his next duty is to resign. No government can exist which entertains or permits the organization of a force within itself sufficiently strong to defy its authority or to cripple its exercise.

The situation in Chicago is a travesty upon popular government, a condemnation of the right of a great community to look after its own affairs, and a humiliating reflection upon the integrity of American citizenship. Such organizations must be circumscribed if American institutions are to survive. We have made a good start in the District of Columbia with two organizations composed of men who have been convinced that patriotism is the first requirement, that public service and public duty are the objects for which they are employed, and that they shall receive for the time being a fairly adequate compensation. Let us not disturb this relation by even seeming to disregard it, for if we do we may be sure that our action will be taken advantage of and not entirely for the benefit of the public either here or elsewhere.

It is for these reasons that I shall support the amendment.

Mr. CALDER. Mr. President, it would be impossible for any one to make the point that I tried to make yesterday more clearly than has the Senator from Colorado [Mr. THOMAS]. He puts his finger on the very thing that I am most fearful of. These two departments—the firemen and the policemen of the city—that guard the property of the Nation's Capital and the lives of the officials here have dissociated themselves from any outside union influence. We increased their pay not for that reason but because of their excellent service. Now we propose to re-

duce their compensation. It is unfortunate and something which I am sure we will regret, not that I doubt the loyalty of these men to the service, but because of the discouragement that it will bring with it if we fail to adopt this amendment.

I discussed yesterday some points about the employment of these men. I said then that they had 30 days leave a year. I find upon inquiry that the firemen and policemen of Washington really are on duty every day in the year, including holidays, Sundays, and Saturday afternoons. Their labor averages 12 hours a day and they have, all told, only 20 days leave a year. I inquired from the District Commissioners this morning and was informed that since we passed the salary bill last December increasing the pay of policemen only 41 men have applied for appointment, and of this number 21 passed the physical test and only 9 the mental test. So despite the higher salaries only 9 men have passed the examinations. Those 9 were sent for to receive appointments and 6 responded. These 6 were appointed this week. So we have had 6 new policemen appointed since last December, and yet this very week there have been six resignations from the force.

I believe the best interests of the Government require that this bonus be allowed, and I sincerely urge that the Senate agree to the pending amendment.

Mr. MYERS. Mr. President, with reference to the ever-increasing cost of living, to which the Senator from Colorado [Mr. THOMAS] has referred, I have an article which appeared as a recent editorial in the Washington Post, which I will read. I think it is very apropos of the situation and of the subject now under discussion by the Senate. I read:

THE ULTIMATE CONSUMER.

The whole controversy between the miners and the operators over wages is about to be settled amicably. President Wilson has withdrawn the bituminous coal industry from Government supervision and regulation; the miners are to receive another advance in wages, aggregating \$200,000,000, in accordance with the recommendation of the joint coal commission; the operators are to fix their own prices for coal, and everybody is to be benefited—except the public, whose coal bill next year will amount to \$200,000,000 more than this year, not counting profiteering pyramiding on the increase granted to the miners.

The arrangement is perfectly simple. It consists in giving the miners a big boost in wages and passing the increased charge along to the ultimate consumer. Now, the anthracite operators, who are engaged in negotiating a new wage scale with their miners, want the Government to release them from its control, in which event it may be expected that the hard coal miners will get a good advance in pay, new hard coal prices will be established, and the ultimate consumer will get another material increase in his fuel bill.

Meantime, the machinery is being erected under provisions of the new railroad act for arbitrating the demands of the railway brotherhoods for wage advances, and the experience of the past leads to the belief that they will get a good share of what they ask. It will take \$1,000,000,000 to meet the wishes of the railroad employees, which, of course, the railroads can not be expected to "absorb." As usual, the "absorbing" will be done by the public. Freight rates and railroad fares will be advanced, and again the ultimate consumer will pay. Every ton of coal, every bushel of wheat, every barrel of flour will reflect the increased cost of distribution, and the bill will be passed on to the people.

So it goes all along the line. The farmer is "getting his"; the laborer is receiving the "hire" of a bank president; capital is taking its toll in larger bites; the butcher, the baker, the candlestick maker all are reveling in this orgy of high prices.

But where does the ultimate consumer get off?

What hope is there for him, and how long will he stand for being "the goat"? His food, fuel, rent, and clothing bills are going higher and higher, and just as he begins to hope for a reduction in the cost of living somebody takes another big slice out of the melon and gives him the rind. The only cheap thing he has found are his Liberty bonds, and there is danger of their becoming cheaper. Congress votes to sell 5,000,000 barrels of flour to the hungry people of Europe on credit, but the ultimate consumer has to pay cash at the corner grocery for a 10-pound sack. Congress is preparing legislation to authorize postponement by the allied Governments of the \$500,000,000 annual interest on the money borrowed from the United States, but the ultimate consumer's landlord will not stand for a two-day postponement in paying the rent.

The crafts, guilds, professions, and classes are doing nicely under the high cost of living, for their takings are keeping pace with mounting prices, and possibly getting ahead a little. But the common people, who are neither of the aristocracy of labor nor the peerage of capital, are victimized. It will not last forever.

I agree with every statement in that article except the last statement—"It will not last forever." With that I do not know that I can agree. It looks to me as though it will last forever. I can see no indication of any change in this respect or of any halting of the ever-mounting cost of living. It seems to me that it is going to go on continuously and without end. I do not expect it to come to an end during my lifetime, even if I should live to be a very old man. There are children now living who are 5 years old, and if they should live to be 95 years of age I do not believe this ever-increasing cost of living will come to an end during their lives.

Organized labor has learned how to get what it wants. It learned it when the Adamson bill was enacted in 1916, and it has been profiting by what it then learned ever since. It appears that it will continue to make use of the knowledge which it then acquired. We are confronted with continual demands for higher wages, and it seems they must be granted or the entire business of the country and all the operations of the

industrial world will come to a standstill and people will be confronted by conditions that mean starving and freezing.

Furthermore you can not make people work if they do not want to work. If people want to work only six hours a day, you can not make them work eight hours a day; if they want to work only four hours a day, you can not make them work six hours a day; if they want to work only three hours a day, you can not make them work four hours a day. If they want to work only five days a week, you can not make them work six days a week. We are confronted by these conditions, for which there seems to be no help.

While organized labor is continually demanding higher wages and shorter hours, and I think is in large part thereby responsible for keeping up the increased cost of living, I do not believe organized labor is wholly to blame. I think there are profiteers at the other end of the line, but so far there seems to be no way of checking their operations.

We have also in the country a class of rich people who stop at no excess of expenditure, who do not balk at paying any prices that may be asked for anything. They seem to revel in an orgy, a hysteria, of reckless spending of money, no matter what prices are demanded for things. They, too, I think, are largely responsible for keeping up the frightfully high cost of living. In reality, however, it is the decreased production of the world, more than anything else, that is keeping up the enormously high cost of living. So long as people will not work to the full extent of their ability the condition of decreased production will continue. I think in a year from now the cost of living will be at least 50 per cent higher than it now is, and that in a year from now the production of the world will be at least one-third less than it now is. The people of Europe are not going to work and producing commodities to the extent of their capacity. In large measure they are spending their time in idleness, in revolution, in petty warfare against each other—internecine warfare—and bickerings and contentions; they are doing almost everything except working. They seem to be relying very largely upon the belief that the United States will come to their relief and that they do not have to work. So long as those conditions exist the curtailment of production from which the world is now suffering will continue, and production is going to be even more curtailed.

While I do not believe in Congress yielding servilely to the demands of organizations of employees of the Government for increased wages, I think it is our duty to take cognizance of existing conditions of the times and voluntarily, without yielding to any attempt at coercion or dictation, see that employees of the Government are dealt with fairly; that they are given fair, reasonable, and adequate compensation for the services which they render. I think that applies to the policemen and the firemen of the District of Columbia. While I think we should proceed very cautiously and carefully about increasing the wages of Government employees, I do not think this is any time to decrease those wages; and I do not believe that any Government employees—that is, those of the ordinary rank and file—are receiving any greater compensation than is necessary for them to receive in order to have a decent, living wage.

I have recently been paying some especial attention to the increased cost of living; I have been making some investigations of that subject, in view of the demands that are being made by Government employees for increases of compensation, and in view of the fact that the annual appropriation bills are coming on for consideration. The high cost of living prevailing is simply frightful, staggering. Of course, people to whom it does not make any difference whether they spend \$7,500 a year or \$75,000 a year have no occasion to pay much attention to the cost of living; but I do not mind admitting that I am one of the few Members of this body who have to pay some attention to their expenses for living purposes.

I have generally been in the habit of keeping on hand, for my personal use, a couple of umbrellas; I usually try to keep one at my office and one at home, so that I may have one at either place in case of rainfall. I have bought quite a few umbrellas since I came to Washington. Up to about three years ago I could buy good umbrellas for a dollar apiece; that was all I paid for them; they were good enough for my purpose, because I lose them occasionally, either through my own carelessness or because of forgetfulness on the part of others. More than that, the low-priced umbrella suited better the size of my pocketbook. A few days ago I had occasion to buy an umbrella, and I went into a store for that purpose. The storekeeper wanted to charge me \$5 for a plain, ordinary umbrella, but I would not pay it. The cheapest umbrella I could get in that store cost \$2.50, and I purchased one of them. Three years ago or thereabouts I could buy umbrellas for a dollar apiece; a little after that they cost a dollar and a quarter apiece; last fall I bought one, and the cheapest I could

get then cost \$2, while this spring the cheapest I could get cost me \$2.50. The merchant told me that when he placed an order a month or so previous for umbrellas he was able to get only 100 of the kind that he could retail at \$2.50 apiece. He wanted to get 500 or 1,000 of them, but said he could get only 100. He could secure plenty of higher priced umbrellas, those that retail at \$5 apiece, but of those that retail at \$2.50 he could only get 100; and he said, "They are nearly all gone now, and after they have been sold I will have to charge people \$5 apiece for umbrellas; that is the cheapest they will be able to get them for from me." He talked to me about other articles in his store and said that the price of everything was rising in proportion. He predicted that by next fall the cost of all the necessities of life that he carried would be much greater than now. He said, "The market price is rising; it is going up all the time. If I order goods now from the wholesaler, I have to pay much more for them than if I had ordered them three months ago." He predicted that everything would be much higher in the fall.

Last summer I had occasion to have some repairing done to an ordinary watch which I carry. I had dropped it and had broken off the lid; and I had occasion to have the watch cleaned and have some repairing done, just to the lid of the watch, not the works. It cost me \$14 to have that simple, ordinary repairing done to the lid of the watch and to have the lid put back on the watch and to have the works cleaned. Furthermore, I had to wait three months to have the work done.

I could not get a watch from the jeweler to carry while mine was being repaired, and in order that I might have the time with me I had to buy an Ingersoll watch to carry during those three months. The cheapest Ingersoll watch I could buy cost \$2.25; so that the repairs to my watch cost \$16.25, and it took three months to have the work done. The jeweler at first did not know whether it could be done at all. He said, "This watch will have to be sent away; I have no employees here to do the work; I can not get employees." The large business houses in the great cities are short of employees. "Formerly," he said, "jewelry workmen worked about 54 hours a week, whereas now they only work about 40 hours a week, and are scarce and hard to get at that; and we have to pay much higher wages than we did a few years ago before we entered the European war." "So," he said, "I do not know when I can get this work done." But he sent it away, and it took three months to get it done, and cost me \$16.25. A few years ago that same work, at the utmost, I venture to say, would have cost only \$3 or \$4. I tell you the increased cost of living is simply frightful. The cost of everything is much higher than a few years ago, and the cost continues to mount. Each and every month the cost of living is higher than it was the month just preceding. I do not know what it will come to. It has become a problem for millions of people to live.

Mr. THOMAS. Mr. President—

The PRESIDING OFFICER (Mr. STERLING in the chair). Does the Senator from Montana yield to the Senator from Colorado?

Mr. MYERS. I yield with pleasure.

Mr. THOMAS. The Senator's experience with the jeweler is duplicated in a very sinister way in many parts of the country in agriculture. The enormous wages which labor now commands in the cities and the increasing demand for that labor, largely because of its decreased productive power, is causing the already slender force available to the farmer to be still further depleted. A man who gets only \$2 a day for following the plow but who can get \$8 a day for laying brick or carrying mortar in the cities can not be expected to remain on the ranch or on the farm; human nature is not so constructed.

The New York papers a fortnight or so ago carried an item to the effect that many farmers in the State of New York were disposing of their live stock and agricultural machinery and abandoning their farms for the present because of their inability to secure help of any kind, adequate or otherwise. The senior Senator from South Carolina [Mr. SMITH] informed me a day or so ago that similar conditions were largely prevalent in his State.

That being the case, it necessarily follows that the Senator's prediction regarding further decreased production of the absolute necessities of life is inevitable, because the man who leaves the farm not only decreases the productive power of that farm directly by his abandonment, but he doubles the burden upon it by becoming a consumer in the city; and if this condition is not remedied it is inevitable that the present entire lack of equilibrium in the matter of compensation will result in very serious conditions next year because of a very extended shortage in agricultural production.

All of this simply bears out the fact that the eternal law of demand and supply, the regulation of compensation by what a

man earns and by what the market affords, can not be violated with impunity any more than a man can disregard the laws of health or any other of the laws of nature.

Mr. MYERS. Undoubtedly the Senator from Colorado is correct about that. I know by experience something of the increased cost of living. For a long time it has been so that a Senator who kept a family here and was dependent upon his salary for a living was simply working for his board and clothes, and now it has become so that he can not even get his board and clothes out of it. He has to deny himself and family some of the substantial necessities of life or draw on his reserves, if he may have any. If this increasing cost of living goes much further, I shall favor a law to abolish the salaries of United States Senators and require them to serve for nothing, as members of the House of Lords do in the British Parliament. Then only those who are rich and could afford to serve here would come to the Senate. I do not suppose it would make any difference to the great majority of the Members of this body. I do not suppose that it would cause more than a dozen Members of the Senate to retire, while it would remove the temptation to men of slender means to come to the Senate at a sacrifice to themselves.

Realizing from experience this condition of affairs, I have some sympathy with Government employees who are struggling to maintain families on slender salaries. I do not believe in yielding to any unreasonable demands, nor in submitting to dictation, nor in being coerced or terrorized by the demands of organized employees of the Government for increases of salaries; but I think Congress should look at the matter calmly, deliberately, dispassionately, disregarding any attempted dictation or coercion or threats, and do what it thinks is right and just under the circumstances; and, while I think we should proceed very cautiously about increasing salaries in these times, yet I do not believe we would be justified in reducing any that are now being paid.

In yesterday morning's Washington Post I read that an agreement had been reached by the conference committee which, by authority of the President, has been considering an adjudication of disputes between the bituminous-coal miners and the coal operators of the country.

I learn from that article that the conference committee has agreed to recommend an increase in the miners' wages of 27 per cent, including the 14 per cent increase granted some time ago by Fuel Administrator Garfield. That increase of wages will amount to \$200,000,000 per year; and, all restrictions on the price of coal having been removed, the operators will undoubtedly put that increase of cost upon the public. It simply means that during the coming year the people of the United States will have to pay \$200,000,000 more for their coal than they did last year.

I read further in the same article that the next matter to come before the committee, which is completing the new agreement, will be the question of a shorter workday, and that the soft-coal diggers will attempt to get a seven-hour day. Of course, if they get a seven-hour day, that will curtail production and make the cost of coal even more than will the \$200,000,000 increase of wages which will be put upon the consumers of coal next year. That comes from the increase of wage only. The reduction of hours from eight to seven would act as a still further increase of cost to the consumers, and that seems to be the tendency of everything and everybody. Why the bituminous-coal miners, if they get this increase of wages, should want a reduction from eight hours to seven hours a day is beyond me. I can not understand it. If the miners need the increase of wages to have a just wage, let them have it; but why a seven-hour day? I suppose the miners are paid by the piece—that is, by the amount of coal they produce—and they could certainly produce more coal and get more wages in an eight-hour day than in a seven-hour day. It would be to their interest, it seems to me, to work the eight hours a day and earn more; but it seems that they are determined to have a reduction to seven hours a day. I suppose they think that with the increased wages they will be able to earn enough in a seven-hour day to live in comfort and have a sufficient income, and that that is all in which they are interested, and that they will not work beyond seven hours a day, and that the people who will suffer thereby will just have to suffer and pay the penalty in increased cost.

I can not conceive of any other reason; and why things should be steadily going this way all of the time is more than I can understand. I only know that they are going that way all of the time, and I can see no hope of relief whatever. There does not seem to be a particle of hope of relief on the horizon. As I say, I think the increased cost of living is going to go on and on and on for many years, until starvation and suffering and

want really confront and afflict many of the people of this country. There is nothing to all this talk that we get periodically from official sources to the effect that we have now reached the peak of the high cost of living, and that the cost of living has at least come to a standstill, and will soon go down. That is all stuff. I know better. We know that it has not come to a standstill, and we know that it has not reached the peak; and why those statements are periodically given out by officials in high authority is more than I can understand, because the people know better. They know such statements are not true.

They do not deceive the people.

As long as this condition of affairs seems destined to go on forever, as long as there seems to be no remedy, and as long as I myself am feeling the effects of it and know the effects of it by experience, I believe that it is only right and proper and the duty of Congress to give some consideration freely, voluntarily, and dispassionately to the needs of Federal employees for an adequate living wage. I am a believer in fair wages for wage earners. Therefore I am in favor of the amendment offered by the Senator from New York [Mr. CALDER] to the committee amendment, the effect of which is to prevent a reduction in the wages of the policemen and firemen of the District of Columbia. Unless the amendment of the Senator from New York be adopted, the compensation of each policeman and fireman of the District will be reduced \$240 per year below what it now is, and I do not believe that would be right or just. I hope the amendment of the Senator from New York may be adopted. I urge it.

Mr. HENDERSON. Mr. President, in connection with the subject under discussion, I desire to call the attention of the Senate to the report of the Congressional Joint Commission on Reclassification of Salaries, which was filed on March 12, and a few days later the printed report was placed on the desk of each Senator.

On page 306 of this report you will find the reclassification of the salaries of the members of the police department. Referring to the bill increasing their salaries, which was approved December 5, 1919, you will find that under that bill the privates of class 1 received \$1,460 each. I understand that at the time that bill was passed they received the bonus, so that would make privates of class 1 receive \$1,700, including their basic salary and the bonus. Under the report of the Reclassification Commission, on page 306, you will find that for subprivates, who are comparable with privates of class 1, there is a recommendation for an annual salary of \$1,680. The principal lines of promotion are from subprivate to junior private. You will find that the junior private, in this report of the joint commission, is comparable to the privates of class 2 in the bill which was approved December 5, 1919. The recommended salaries for junior privates are \$1,740 to \$1,800. The commission felt it necessary to have not what you would call a promotion, but an increase in salary after the junior private had served a year and had shown that degree of efficiency which would entitle him to an increase in salary, so that going from a subprivate to a junior private he would begin on a salary of \$1,740, and that salary could be increased to \$1,800, which, with the salary granted under the act of December 5, 1919, with the bonus, would be \$1,800.

The line of promotion is from junior private to senior private, and the salary recommended by the commission of senior private, who is comparable to a private of class 3 under the act of 1919, is \$1,860 to \$1,920.

All of the recommendations in this report cover all the classes referred to in the act that I have been reading, which was adopted in 1919. I believe, Mr. President, that if Senators have opportunity or time to study this report, they will find that on its adoption it will relieve the Congress of a great deal of unnecessary work, because this report shows that what you are doing now will be unnecessary, because the basic salaries, as provided for in the act of December 5, 1919, with the bonus which you will now add to that basic salary, are comparable to the salaries recommended by this report.

I simply call the Senate's attention to this at this time because I believe some attention should be given to the report of the Congressional Joint Commission on Reclassification of Salaries, filed here March 12.

Mr. WARREN. Mr. President, will the Senator yield for a question?

Mr. HENDERSON. I yield.

Mr. WARREN. I shall say, before asking the question, that what the Senator says touches the vital point that is now before us. Does not the Senator believe that the compensation should be provided for by fixed salaries and should not depend upon bonuses from year to year?

Mr. HENDERSON. I do, Mr. President. Of course, the recommendation the commission has made places me in this position, that I must support the amendment offered by the Sen-

ator from New York [Mr. CALDER], because the salary recommended under the report of the Congressional Joint Commission would be about what the present basic salary is, with the \$240 bonus now proposed.

Mr. WARREN. It varies somewhat. But let me say again that this raise was made, part of it, as recently as December, and the other part late in January, and a classification was made but not by the Reclassification Commission. Does not the Senator think that it should be taken up and should conform to the classification which the Commission on Reclassification has proposed? And if so, should it not be done by the proper committee in the District appropriation bill, which is now in the office of the Senate Committee on Appropriations, or by the Committee on the District of Columbia? In that manner we may do away with having the proposition of a bonus haunt us from door to door and from year to year, after we shall receive the report on classifications with known salaries, so that an employee taking a place may know what he is to get and need not depend from year to year upon a bonus which may or may not be provided.

Mr. HENDERSON. I will say to the Senator from Wyoming that we not only ought to take this matter up in connection with the salaries of policemen but in connection with the salaries of all Federal employees in the District of Columbia. From my observation Congress has been handling this matter in the past by piecemeal, no scientific method being used at all in giving salaries to the employees in this District, and a bonus does not represent what the employee earns or what the employee is entitled to. It is a temporary sum that we say we will give to them, but which we reserve the right to cut off at any time.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Ohio?

Mr. HENDERSON. I yield.

Mr. POMERENE. I am not sure I understood the Senator correctly, and I ask my questions in order that I may understand aright. Do I understand from what the Senator has said that the present basic salary, plus the bonus which these men will receive in the event the amendment proposed by the Senator from New York is adopted—

Mr. CALDER. Which they are getting now.

Mr. POMERENE. Which they are getting now—would be about the equivalent of the salary which is proposed by the Reclassification Commission?

Mr. HENDERSON. In some cases a little less and in some cases a little more, and in cases where we have provided these steps of increase in salary which we felt were necessary in order to hold and retain employees in the service, taking an average, it would be about what it is now. I do not think the difference is very material.

Mr. POMERENE. I sympathize with the proposition that there should be some legislation upon the subject of reclassifying and adjusting these salaries; but under the rules of the Senate and our time-honored way of doing business here, with unlimited debate, can the Senator tell us when that reclassification bill will finally become a law?

Mr. HENDERSON. Mr. President, in answer to the Senator from Ohio, I will state that I was just going to tell the Senator from Wyoming that if I felt we could get an early hearing upon this report and upon the resolution that is now before the Senate, and which has been objected to a number of times, I would approve postponing this matter until all the salaries of the Federal employees in the District of Columbia could be considered. But I have no assurance, I will say to the Senator from Ohio, that we will be able to get any action on the resolution or on the report this session of Congress. We have repeatedly tried, and I want to say that I am going to try again just as soon as I can get the opportunity to do so.

Mr. WARREN. Of course, the Senator from Nevada knows that this commission is a joint commission; he knows that bills to take up such matters should originate in the House. He expects the bill to originate there, does he not? I do not say that it has to originate there, but that is the usual and better way.

Mr. HENDERSON. I beg the Senator's pardon. I thought he was asking the Senator from Ohio a question.

Mr. WARREN. The Senator from Nevada alluded to the Senator from Wyoming and the taking up of the proposed classifications. The Senate stands ready to take those matters up at any time when opportunity offers. But courtesy to the House, the observance of usages, and our rules are such that we do expect that the same report made by one-half of your commission, going to the House, will receive its attention there, and then will come to us. Does not the Senator expect that?

Mr. HENDERSON. I expect that. But we have pending before the Senate a resolution which has been reported favorably

from the proper committee, so that we would not lose the result of this work which has been carried on at an expense of nearly \$75,000 for the last year, and we have been unable to get that resolution before the Senate because of the time-honored custom to which the Senator from Ohio refers.

Mr. WARREN. Now, will the Senator grant a moment more? The way to get that before the Senate is not to cut the ground out from under it by going on in the manner proposed. I do not want to use a word that would not look well in print applied to the present system of bonuses, but the move of the Senator from New York [Mr. CALDER] to bring it before us at this time simply tends to undermine the work of this Reclassification Commission, and to provide for a great number of men by a bonus who will, of course, ask for bonus continually, instead of systematically erecting a line of regular salaries and wages based upon efficiency.

Nearly all the clerks in the United States service are of class 1, class 2, class 3, or class 4, drawing basic salaries of \$1,200, \$1,400, \$1,600, and \$1,800, respectively. They have not been raised one penny since that system was inaugurated 35 or 40 years ago. These numbers not only have had no rise on account of the high cost of living but have had none on any other account in all those years. Shall you by bonuses favor some and leave those loyal people, who have been all this time standing by the Government, amid the stress and strain of war, month after month, and year after year, before we take up this reclassification and provide for all of them? That is the point I make.

Mr. POMERENE. Mr. President, I appreciate the fact, of course, that the Senator from Wyoming is a Senator of a very practical turn of mind, and a man who has done long and valued service in the Senate. But let us try to be really practical in this matter, and permit me to make this suggestion: We are now legislating on the subject of salaries and compensation. We are making an appropriation to pay these salaries. The Senator has presented an amendment to the bill providing for a continuance of the present bonus system to the employees who are beneficiaries under that amendment, and I want to commend him and the committee for having so done. I feel that it would have been a crime almost to have not provided for this bonus, and I regret that it was stricken from the bill in the House.

I do not mean to criticize. They acted under their rules and I have no further comment to make except to say that I think it was unfortunate that they did not make this provision.

Let me suggest this: You are providing here for a bonus for a very large number of employees, and the effect of the amendment proposed by the Senator from New York [Mr. CALDER] is simply to extend the bonus to a certain other number.

Mr. WARREN. Mr. President, will the Senator yield?

Mr. POMERENE. Certainly.

Mr. WARREN. But it is proposed to select a class which has had its salaries nearly doubled within three or four months and includes them with those who have not had a penny of raise in 35 years.

Mr. POMERENE. Mr. President, that may be; but that is not the fault of the amendment of the Senator from New York to the amendment of the committee. It is the fault of those who framed the law before so as not to include them. It is true, I dare say—at least it was last December—that we were waiting upon the report of the Reclassification Commission. But now that we are dealing with this subject we can provide for these employees, and an extension of this bonus, if it is just, and that is all I am interested in. If it can be shown to me that it is too much for these employees, I should be disposed to vote against it. But I have been impressed with the fact that the only fault that can be found with the bonus is that it has not been large enough under all the circumstances.

Mr. HARRISON. Mr. President—

The PRESIDING OFFICER (Mr. PHIPPS in the chair). Does the Senator from Ohio yield to the Senator from Mississippi?

Mr. POMERENE. Pardon me just a moment. Let me make this suggestion to the distinguished chairman of the Appropriations Committee. Let us adopt the amendment of the Senator from New York, assuming, of course, that it is not paying an excessive amount to these men. Then we will have so many provided for; and if the joint resolution comes up later, to which the Senator from Nevada has referred—and I hope it will—we can classify the employees as they ought to be classified, and we can adjust their salaries as they ought to be adjusted; and if the salaries which shall be adopted in that joint resolution differ with the provisions for certain employees contained in this appropriation bill, we can add a section repealing or modifying these provisions in the appropriation bill.

If we do that, then we will be taking care of these employees. If we are going to depend upon what the Congress may do with regard to the joint resolution, it will not be clear that they will be provided for. Now I yield to the Senator from Mississippi.

Mr. HARRISON. I do not understand that the Senator from Wyoming is opposing the increase, from what he stated yesterday. What he objects to, as I understand it, is the inclusion of it in this bill. He thinks it ought to come in on another bill. As in the pending bill the bonus is provided for certain employees, and an exception is made, written into the provision, with regard to the Metropolitan police force and the firemen, does not the Senator think the action of the Senate would be interpreted, if we should adopt the proposal made by the Appropriations Committee, excluding the Metropolitan police force and the firemen from sharing in the bonus, that the Senate goes on record as being opposed to any bonus, and in the other House, when the proposition might come up to give them a bonus in the District bill, or any bill, it would then be cited that the Senate expressly excepted the policemen and the firemen of the District from the benefit of the bonus, although they provided for everybody else?

The PRESIDING OFFICER. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (S. 1699) for the retirement of employees in the classified civil service, and for other purposes.

Mr. WARREN. I ask unanimous consent that the unfinished business may be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WARREN. Mr. President, I wish to say to the Senator from Mississippi [Mr. HARRISON] that it could not be so construed when there are almost numberless other exceptions to other classes of employees. In fact, the bonus only applies to those that have not been provided for otherwise, and to cover the gap between now and the time when we adopt a new schedule which may do away with the bonus question.

Mr. HARRISON. But the exception is provided there, and when you adopt your provision you go down on record as being in favor of the exception.

Mr. WARREN. This bill is full of exceptions. The Senator himself makes an exception.

Mr. HARRISON. It is full of exceptions, but it is full of bonuses granted to certain employees.

Mr. WARREN. The bonuses apply to those who have had no other increases and have worked here, some of them, for 30 or 40 years without any raise whatever, and we have provided that those who came here during the war and received a larger rate of pay shall not receive this bonus benefit.

Mr. HARRISON. May I ask the Senator from Wyoming if he is in favor of the bonus next year of \$240 to firemen and policemen?

Mr. WARREN. I am not in favor of a bonus to pay the firemen and policemen until the Committee on the District of Columbia, or the subcommittee of the Committee on Appropriations, which handles District matters, may go over the different classifications. If their salaries should be raised an amount which would cover the bonus, all right; if they should be raised more, all right; if some of them should be made less, then all right. But it does seem to me that we are slighting every loyal employee who has been here in Government service all these years with no raise until we adopted this matter of the bonus a few years ago. We raised this class of employees 40 to 80 per cent two or four months ago in regular salaries, and now we are asked to add enough more to more than double the pay of some of them with a bonus, while other employees have to wait still another year to get anything added except the paltry sum of \$240 as a bonus.

Mr. HARRISON. They should not have to wait; they ought to be given the bonus.

Mr. HENDERSON. May I inquire of the Senator from Ohio [Mr. POMERENE] whether anyone opposed the bill increasing the salaries of the members of the police department, which was approved December 5, 1919, on the ground that they would get the bonus in addition to the salaries provided for in this act?

Mr. POMERENE. I do not recall the facts. I was here a part of the time, but I do not recall the facts. The Senator from New York [Mr. CALDER] can probably answer that question.

Mr. CALDER. No one opposed the increase in pay for the policemen.

Mr. HENDERSON. At that time everyone knew that when that bill became a law they would get the bonus in addition to the basic salary.

Mr. SMOOT. Oh, no.

Mr. CALDER. I presume they did.

Mr. WARREN. They did not know it. It was not understood. The bill itself provides otherwise, but after providing that those who have had the raise of \$200 shall not be recognized by the bonus, it provides that in emergency cases the head of a department may for the time being allow the bonus.

If the Senator from Ohio will permit me, he and others speak of this matter as if lately discovered. I want to say to those Senators that I went personally to the Commissioners of the District of Columbia to tell them at the time when we were having trouble here in the District that I believed that, in considering District matters in Congress the last term, we had not done justice to the firemen and policemen. The commission was speaking of the trouble it was having and the papers were full of reports of crime, and I asked its members if they would not go to the proper committee of the House—the District Committee—and take it up there, as they could do, because it is a half-and-half proposition, or has been heretofore. So I had every reason then to give those employees everything that I believed it to be right for them to have, and I believe my record in that respect is as clear as that of anyone here.

It may be that the Senator from New York [Mr. CALDER] or some other Senator has taken it upon himself to assure these men that they can have the bonus now and have the bonus hereafter, but they had no authority from the committee to do that. Not only did they have no authority from the committee but there is no knowledge on the part of members of the Committee on Appropriations that there had been such reports. I never knew it until this matter came up before the committee last week, and I have asked other members of the committee and I have not found one who knew anything about this implied promise that was being played upon in connection with those men.

Mr. HENDERSON. I understand the Senator, at the time this act of December 5, 1919, was approved—

Mr. WARREN. I was very glad that came in. I was very glad to vote for it, and I would be glad to vote again for a change in that if it was presented here in the proper way in regular legislation and to conform to the classification if that is adopted for other Government employees; but I object to granting additional favors to a particularly favored class of employees who have already been so generously treated within three months. I object to putting on another proposition and still having a third rearrangement to consider when this matter of reclassification is taken up.

Mr. CALDER. May I say a word right here? I have no recollection that at the time this matter was up we discussed on the floor the fact that these bonuses were to be paid. I can say to the Senate that it was my understanding of it, and it was the judgment or the view of the conference committee representing the Senate in connection with their dealings with the House, it was repeatedly stated on the floor of the House, and I recall reading it in the records of the proceedings over there, and I believe everybody understood it here.

Mr. WARREN. The Senator does not mean that, surely. I am one of "everybody," and I certainly did not understand it, and I was here, and I supported the measure.

Mr. CALDER. I did not say they did. I said I believed they did.

Mr. SMOOT. I can not see why the Senator from New York believed that they did. The law as it existed at that time—December 5, 1919—affecting bonuses had this provision among other exceptions:

Or shall receive during the fiscal year 1920 an increase of salary at a rate in excess of \$200 per annum.

There is no one class of employees in the fire department, and there is no class of employees in the Metropolitan police, that did not receive more than \$200 per annum increase.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Ohio?

Mr. SMOOT. Certainly.

Mr. POMERENE. I have before me a letter from the National Zoological Park—

Mr. SMOOT. That is not the Metropolitan police at all.

Mr. POMERENE. I know, but it is a part of the police force. Mr. SMOOT. No; they are entirely in another place and not mentioned in this amendment.

Mr. POMERENE. These are police officers receiving no increase whatsoever in their pay. They did finally receive the bonus of \$240.

Mr. SMOOT. Does the Senator mean the Metropolitan police?

Mr. POMERENE. No; I do not. I said National Zoological Park police. There are eight of them, and they have received no increase. The sergeant receives \$85 per month and privates \$80 per month and later received this bonus, but they were not

included in the number or the classes of the police officers who received any increase.

Mr. SMOOT. Of course the Senator is wrong in that statement, although it is not effective—

Mr. POMERENE. I think these police officers ought to know what pay they receive, and I get my information direct from them. I have not gone to the department.

Mr. SMOOT. I think we had better let the law speak and not a report coming to the Senator from Ohio from anyone. Let the law speak for itself.

Mr. POMERENE. I would be glad to hear what it is.

Mr. SMOOT. Section 3 reads as follows:

Sec. 3. That the watchmen provided by the United States Government for service in any of the public squares and reservations in the District of Columbia shall hereafter be known as the "United States park police," and their annual basic salaries shall be as follows: Lieutenant, \$1,900; first sergeant, \$1,700; sergeants, \$1,580; privates, \$1,360: *Provided*, That every watchman employed for such service at the time this act becomes law shall, in addition to the salary received by him for the period of service between August 1, 1919, and the time this act becomes law, receive for such period the difference between such salary and the salary payable to him under the provisions of this section for a period of equal duration.

I will tell the Senator if he wants to know what the salaries were before. I can not help what was reported to the Senator. I want to take the law as it is.

Mr. POMERENE. I have the letter here from the men who are supposed to be the beneficiaries under this legislation, or rather who ought to have been the beneficiaries.

Mr. SMOOT. They will be under the amendment we are discussing.

Mr. POMERENE. Under the bonus provision they are receiving the bonus, but they received none of the increase. That is what I am speaking about.

Since the question is raised, I propose to read this letter. It is dated February 13, 1920, and reads as follows:

The undersigned, who are doing police duty in the National Zoological Park, wish to convey to your notice and ask for information as regards their standing as per section 3, CONGRESSIONAL RECORD, November 17, 1919. The compensation we are now receiving is as follows: Sergeant, \$85 per month plus bonus; privates, \$80 per month plus bonus, from which we furnish our uniforms.

The police doing duty in all the other parks in the District have received an increase in pay amounting to \$1,360 plus bonus and are furnished with uniforms and other wearing apparel gratis. They are practically doing exactly the same work as the police in the National Zoological Park. It seems that we should be treated the same way; if there is no appropriation for our uniforms we should be granted an equivalent in compensation.

We also beg to be informed why the park police were given the increase and why the increase failed to include the police of the National Zoological Park.

Mr. SMOOT. That information is not true. I will say to the Senator that whoever wrote it—I was going to say they wrote it knowing it was not true—

Mr. POMERENE. I do not think the Senator ought to make that statement. I have the signatures of these men to this letter.

Mr. SMOOT. I was not going to discuss the question of park policemen, but inasmuch as the Senator has brought it up I want to have it out right now. The law approved December 5, 1919, gives to the privates in the park police \$1,360. That letter says the sergeants are getting \$840 plus the bonus. Is that true?

Mr. POMERENE. I did not say that.

Mr. SMOOT. That is what the Senator said.

Mr. POMERENE. No; I beg the Senator's pardon. I said the sergeants were getting \$85 a month.

Mr. SMOOT. I said the privates, and the Senator said the privates were getting how much?

Mr. POMERENE. The writer of the letter says:

The police doing duty in all other parks of the District have received an increase in pay amounting to \$1,360 plus the bonus.

Mr. SMOOT. What was the increase? The Senator said they had not been increased.

Mr. POMERENE. I am speaking about these policemen in the National Zoological Park.

Mr. SMOOT. Now, the Senator's letter refers to another different class of employees. The Senator said—

Mr. POMERENE. I read this letter, and if there is any mistake about it it is the Senator from Utah that misunderstood me. I can read, at least, and I think I understand what I read, even if the Senator does not.

Mr. SMOOT. I will ask the Senator to refer to the class of police he first spoke of. The Senator referred to the park police.

Mr. POMERENE. I said the National Zoological Park police, and I had this letter before me at the time and was looking at it when I used the phrase.

Mr. SMOOT. The Senator said the park police.

Mr. POMERENE. The RECORD will show.

Mr. SMOOT. Then I took the law and read what the park police were receiving. The privates of the park police were increased from \$840 to \$1,360; the sergeants receive an increase from \$950 to \$1,580; the first sergeant was increased from \$1,200 to \$1,900; and the lieutenant was increased from \$1,900 to \$2,000. This is the law in relation to the park police.

Mr. POMERENE. Is that the law with regard to the National Zoological Park police?

Mr. SMOOT. I am simply saying that is the law; and I will read it again.

Mr. POMERENE. I have asked the Senator a specific question. Is that the law as applied to the National Zoological Park police?

Mr. WARREN. Mr. President, will the Senator allow me to interrupt him a moment?

The PRESIDING OFFICER. Does the Senator from Utah yield to the Senator from Wyoming?

Mr. SMOOT. I yield.

Mr. WARREN. The watchmen in certain parks are provided for in another bill entirely—the sundry civil bill. If these men referred to by the Senator from Ohio are policemen, they have been authorized to act as such, but they are not provided for in this bill at all. They are provided for in another bill which is coming up hereafter.

Mr. POMERENE. One of the men who presented this matter to me has been doing duty in this capacity as a member of the National Zoological Park police for some years, as I am told, and he said they had received no increase whatsoever except the bonus which has been granted.

Mr. SMOOT. Mr. President, I refer to section 3 of the law of December 5, 1919, which provides for the United States park police, and it is to them the Senator from Ohio referred in the beginning, and it was that reference which I was answering.

However, Mr. President, those men are not involved in this amendment at all. I myself think that the Zoological Park policemen ought to have their compensation increased. I will admit that there is some difference in the character of their work and that of the Metropolitan police; but it can not be said that when the increase was given to the Metropolitan police by the act of December 5, 1919, Senators did not know what the law was, because the bonus provision which was in effect at that time specifically stated that those who during the fiscal year had received an increase of salary at a rate in excess of \$200 should not receive the bonus. As I have said, there is not a member of the Metropolitan police, there is not a member of the United States park police, but who in the act of December 5, 1919, received more than a \$200 increase. Therefore, automatically they were cut off from the bonus.

Mr. President, the same provision applies to hundreds of employees in the different departments of the Government.

Mr. THOMAS. Do I understand from the Senator that the privates of the Metropolitan fire and police departments have not received this bonus at all?

Mr. SMOOT. Certainly they have received the bonus; but they received the bonus under the legislative, executive, and judicial appropriation act for the fiscal year 1920.

Mr. THOMAS. That was my impression.

Mr. SMOOT. But after the passage of that act they continued receiving the \$240 because of the fact that they had not received an increase for that fiscal year; but on December 5, 1919, there was a special act passed increasing their salaries. Of course, they were provided with the bonus until June 30, 1920, by the legislative, executive, and judicial appropriation act for 1920; but the contention now is that when the act of December 5, 1919, increasing their salaries was under consideration it was understood that they should continue to receive the bonus and continue to be provided for in the legislative appropriation act for 1921. Of course, that contention can not be maintained.

Mr. CALDER. They now receive the bonus.

Mr. SMOOT. They will receive the bonus up to the end of June this year, because last year's legislative appropriation bill provided for that; but if there has been an increase in their compensation during the present fiscal year of more than \$200, even if there were no mention made in this legislation of the Metropolitan police, they could not receive the bonus, because the law provided specifically that the bonus shall not be paid if there has been an increase in salary during the fiscal year of \$200 or more.

I was saying, Mr. President, there are many among the hundreds of employees in the District of Columbia who will not receive the bonus next year. There are hundreds and thousands of employees that have not heretofore received the bonus. One reason why the limitation of \$200 was put into the bill was that officials of the departments came into Senators' offices

and took from them their clerks, for when salaries could be paid from lump-sum appropriations the departments did not hesitate to any great extent as to the salaries they offered. Clerks have been taken from the offices of Representatives, clerks have been taken from the offices of Senators, where their salary was \$1,500 a year, and have been paid \$2,400 a year and as high as \$3,000 a year. The Government had to pay the salary in both cases. So it was decided, Mr. President, that there should be no transfer from one department to another unless there was a request and a permit granted for such transfer. In the same manner the new bureaus robbed the old departments of the Government of their best employees. While clerks were employed under statutory rates of compensation, the old departments of the Government could not increase the pay, but when the new bureaus were created, and Congress gave them lump-sum appropriations, the question of salary was left in the hands of the chief clerks of the bureaus, and they, as I have said, robbed the old departments of their most efficient employees. A law had to be passed to stop that practice. That is the reason why the law was passed forbidding the transfer of employees from one department to another without a request on the part of the department to which the employee was to go and the consent of the department from which he was taken.

Mr. WARREN. Mr. President, if the Senator will allow me for just a moment, I will respond to the inquiry of the Senator from Ohio. I have here the estimates for the sundry civil appropriation bill, in which provision is sought to be made for 1 sergeant and 10 policemen and certain messengers, and so forth. They are paid out of a lump-sum appropriation, and those in authority can make the salaries what they please. They have recommended an increase in the salaries, but unless the matter is taken up by the committee and a greater sum than \$115,000, which is the amount appropriated last year to cover the same ground, is appropriated for the next fiscal year, it will probably not be possible to increase the compensation. The \$115,000 to which I have referred is a lump sum to pay the employees of the Zoological Park.

Mr. POMERENE. Is the Senator reading from the estimate upon which was based the sundry civil appropriation bill for the current year?

Mr. WARREN. The estimates to which I refer are for the next year but are the same as for the current year.

Mr. POMERENE. I am trying to find out why this condition exists. It would seem that the statement made in this letter is probably correct.

Mr. WARREN. But it has no possible connection with the item which we are considering in the pending bill.

Mr. POMERENE. I was speaking about the men, while the Senator from Utah was speaking about the law. Those are two different subjects.

Mr. SMOOT. The reason of that was that the Senator stated in the first place that he referred to the park police. If he had said the Zoological Park police the matter would have been clear.

Mr. POMERENE. I did not say that, and I had this letter before me at the time I was reading.

Mr. SMOOT. I can not say that the statement made in the letter is not correct, inasmuch as I now understand it is for a different class of employees, who are not provided for in the bill under discussion. I have, however, not looked it up.

Mr. POMERENE. I accepted the statement which was made by these police officers, and I have no reason to question the statements they have made.

Mr. SMOOT. We were discussing the pending bill, and they are not provided for in this bill, and the Senator referred to the park police.

Mr. POMERENE. But statements were made here that the police officers generally had had a substantial increase, and I was pointing out a class that had not had any increase except the bonus.

Mr. SMOOT. Of course they are a different class of policemen, and their service is performed in a particular place, and from what I know they are not paid a wage to compare to what the United States park police or the Metropolitan police are paid.

Mr. POMERENE. That is very true; and that is why I am complaining about it.

Mr. SMOOT. But they are not provided for in the pending bill. When the bill in which provision is made for them is under consideration I will join the Senator in seeing that some change in their salaries is made. There is not any doubt that the Zoological Park police, to whom the Senator now refers, will receive the \$240 bonus; they are not excepted from the provision providing for a bonus, and they are receiving it to-day.

Mr. POMERENE. Oh, yes; they will receive the \$240 bonus; there is no doubt about that.

Mr. SMOOT. And they will receive it under this bill for another year.

Mr. POMERENE. Yes; that is true.

Mr. SMOOT. There is no doubt about it at all.

Mr. POMERENE. But these men can not pay for their uniforms and live on the salaries now paid them.

Mr. SMOOT. I agree with the Senator as to that class of policemen, but I am not inclined to think that is the case with United States park police or with the Metropolitan police.

Mr. POMERENE. That is not the class about which I was talking.

Mr. SMOOT. That, however, was the class that I was discussing.

Mr. CALDER. Mr. President—

Mr. SMOOT. I yield to the Senator from New York.

Mr. CALDER. The statement has been made, I think by the Senator from Utah, and I know by other Senators, that the matter of bonus was not considered when the bill increasing the compensation of policemen was under discussion.

Mr. SMOOT. Oh, no; I did not say that; I simply said that anybody who did not know that the legislation would prevent their receiving the bonus under the law did not know what the then existing law was.

Mr. CALDER. I have, Mr. President, the CONGRESSIONAL RECORD here containing the debate in the House, and it was explicitly stated there by the gentleman who had charge of the bill that "the salaries mentioned and here fixed are plus the bonus." The House so understood and they passed the bill with that understanding. In the House report it is also stated explicitly that the bonus was to be paid.

Mr. SMOOT. Were any of the salaries raised in the Senate over the amount carried in the bill as it passed the House?

Mr. CALDER. No.

Mr. SMOOT. So far as that is concerned, I say that under the law that existed at that time they could not have received the bonus, because the law explicitly provides that if there is an increase in compensation amounting to over \$200 during the year the bonus shall not apply; and everybody in the Senate, as I recall, understood that to be the case. They certainly did, if they knew anything about the law that was upon the statute books.

Mr. President, the Senator from Ohio referred to the fact that we ought to be just. So say I; we ought to be just not to only one class of employees but to all the employees of the Government. What are you going to say to the 104,000 employees outside of the police force? Are you going to say, "You can have \$240 and that is all—\$240 increase over salaries fixed 35 years ago, with no increase whatever; that is what you can have"? The Metropolitan police and the United States park police, however, did on December 5, 1919, receive increases all the way up to 74 per cent of their fixed salaries, and now it is proposed to add to that a \$240 bonus. The Appropriations Committee, Mr. President, says that is not right; that is not just; and I do not believe that the 104,000 other employees of the Government will say that it is just. Why not take the limit entirely off? Why not allow the chief clerks to select employees in the various divisions and bureaus of the Government, and say, "Here is my pet, here is the man to whom I want to show a particular favor, and I will promote him; he is to be paid out of a lump-sum appropriation; he is now receiving \$1,200, and, as he is my friend, I want to give him \$2,500"? There is nothing, Mr. President, with the exception of where we have specifically provided that salaries shall not exceed a certain amount, to prevent such a thing being done; and it has been done in departments of the Government.

Under this bill, and under every bonus provision since the first one was enacted, that class of employee can not receive the \$240 bonus, and he should not receive it. Now we are asked to select a few employees in the Metropolitan police and the United States park police service and say: "Notwithstanding you have received an increase in some cases of seventy-odd per cent during the present fiscal year we are going to give you for the coming year a \$240 bonus." They will receive the bonus up to June 30, 1920; but if the amendment of the Senator from New York is adopted it means that they will not only receive this increase but they will receive the bonus up until June 30, 1921—as the Senator from Wyoming says, in some cases more than doubling their past compensation.

Mr. STERLING. Mr. President, I understood the Senator to say in his last statement that they would receive the bonus up to 1921. Is that correct?

Mr. SMOOT. I said they would receive the bonus up to June 30, 1921, if the amendment of the Senator from New York is agreed to.

Mr. President, I wish we could have the Senators present. I wish we could talk to a full Senate. I wish these things could be understood by the Senators, and then I would not complain of a vote upon this or any other question.

I want to say to the Senators who are in the Chamber now that the Appropriations Committee have tried to do their very best and to be just to all of the employees of the departments. In this very amendment and in the first legislation granting a bonus the employees of the War Risk Bureau were given a bonus of only \$120 instead of \$240. Why make that discrimination?

Mr. HENDERSON. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Nevada?

Mr. SMOOT. I want to answer that question myself, then I will yield.

Mr. HENDERSON. I was going to suggest why that was done.

Mr. SMOOT. If the Senator will wait a minute, I will answer it myself. Why that discrimination? We went into a thorough examination of the salaries that were paid in the War Risk Bureau at the time that a provision similar to the pending one was under consideration. We found that the compensation paid to the clerks and other classes of employees in the War Risk Bureau amounted on an average to over \$120 more than the wages paid in any of the old departments of the Government, and the Committee on Appropriations decided to be just to all the employees; so, in order to do so, the employees of the War Risk Insurance Bureau were given \$120 and \$240 was granted to the employees of all the old departments of the Government.

The employees of the various bureaus and agencies of the Government that have been created since the war, in the great majority of the cases, are paid from lump-sum appropriations, and the heads of those bureaus have the power to name whatever salaries they desire.

I wish the Appropriations Committee had time to go into all of these lump-sum appropriations. I hope to see the time when lump-sum appropriations will be eliminated from all of our appropriation bills, and when that time does come there will be hundreds of millions of dollars saved to the Government of the United States.

I do not want to do a wrong to an employee of the Government. I have no feeling against the Metropolitan police of the District of Columbia. I know the chances they take, as referred to by the Senator from New York; but they took those same chances before an increase of salary was granted them. That is a part of their calling. I can not for the life of me see why they should receive a bonus because of the fact that they have withdrawn from some labor organization. Is it possible that we are endeavoring to offer a bribe to the employees of the Government of the United States to keep out of a labor organization? I think the suggestion casts a reflection upon every member of the Metropolitan police and of the United States park police. I believe the policemen saw the danger of belonging to an organization that might issue an order that would, if obeyed, leave the city unprotected, and withdrew thinking it was the best course to pursue. I do not say that such an order ever would have been issued to them, nor do I believe that this question ever would have arisen in the District of Columbia if it had not been for the strike of the police in Boston, Mass.

Mr. JONES of Washington. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Washington?

Mr. SMOOT. I do.

Mr. JONES of Washington. I want to state to the Senator that I think I can say that this increase in salary—either the direct increase or the bonus—was not in any way made in consideration of these men leaving the union. The District Committee had a hearing upon a resolution prohibiting members of the police force from affiliating with a union. That hearing was had, and no consideration was given to the salary proposition. The matter then rested in the hope that without the committee taking any action upon this resolution members of the police force who had joined the union would voluntarily sever their connection with it. They did so, and after that time the matter of salaries was taken up.

Mr. SMOOT. I have not any doubt but that the statement of the Senator from Washington is absolutely correct, and I have enough confidence in the character of the Metropolitan policemen to say that it could not be otherwise.

Mr. President, if I did not believe with all my heart that the action taken by the Appropriations Committee in relation to this bonus proposition was correct I would not stand here and ask the Senate of the United States to support the committee. I hope to see the day when there shall be no bonus. A bonus is

wrong in principle, and if there had been any other way to establish an increase in the compensation for all of the employees of the Government for the services they render the question of a bonus never would have been thought of. We entered the war, and the salaries of employees in private institutions all over the country were increased rapidly. The amount of salary was of very little concern to the employer. What he wanted was to get the men, get the goods made, and he knew that when the goods were made he could sell them at a profit no matter what he had to pay for the labor required to make them. Therefore when the Congress of the United States were face to face with a proposition existing in this country they had to act quickly, and, in my opinion, the only way that they could act quickly and give relief to the employees of the Government that needed it so greatly was to provide a bonus, and that was done.

Mr. SMITH of South Carolina. Mr. President, if the Senator will allow me to interrupt him, I should like to ask him if he does not think that the principle of offering bonuses is more easily managed than increasing salaries permanently? The Senator knows as well as the rest of us how difficult it would be, if conditions were to change, to reduce a fixed salary; but as the bonus must be provided for each year, if conditions were to change it would be infinitely easier to leave off the bonus than it would to reduce the salaries.

Mr. SMOOT. Mr. President, it is infinitely easier for Congress to do it, but it is not just. Why should a man who gives to the Government of the United States all that is in him, who works overtime, who remains with the Government until he knows the details of everything in the department in which he labors, receive only a bonus of \$240, while a little girl who has never passed the seventh grade receives the same amount of bonus? It is not right, and no one can justly defend it. The Congress, however, was up against the proposition that it had to do something, and with bonuses the work itself can not be differentiated. It must be a bonus to one and all alike, and therefore, while it is a great deal simpler, while it could be expressed in legislation with the very least number of words, it is unjust to the men and the women who give all they have in them to the Government of the United States and are not watching for the hands of the clock to reach the hour of 4.30 so that they can leave their desk and have no concern for the morrow. So, Mr. President, I feel concerned about this amendment, and I hope that the Senate of the United States will support the committee in the provision that they have reported to the Senate.

Mr. JONES of Washington. Mr. President, I desire to ask the Senator from New York whether or not he intends to offer any other amendment to this committee amendment?

Mr. CALDER. Not unless the language in some other part of the amendment will prevent its becoming effective. If my amendment is adopted and becomes effective, I shall not.

Mr. JONES of Washington. Has the Senator in mind any amendment that he wishes to offer in addition to the one he has already proposed?

Mr. CALDER. There is some doubt in my mind as to the language on page 163, where it says that an employee who received an increase of more than \$200 during the preceding year shall not be granted a bonus unless the head of the particular department recommends him for the bonus.

Mr. WARREN. That is exactly the language under which they are now being paid.

Mr. JONES of Washington. I asked the Senator from New York the question because I have not any doubt in my own mind as to what the result would be if the amendment he has now proposed is adopted and no other amendment is made to the amendment of the committee. Without a perversion of the law, it would not affect the salaries of these men one cent. Not one of them would get the bonus, simply for the reason that every member of the police force and every member of the firemen's force has received an increase of more than \$200 during this fiscal year, and the amendment says that "where an employee in the service on June 30, 1919, has received during the fiscal year 1920, or shall receive during the fiscal year 1921, an increase of salary at a rate in excess of \$200 per annum," he shall not get the bonus. There can not be any doubt about what that means. So the adoption of the amendment of the Senator from New York, without anything else, will not aid these men toward getting a single cent of the bonus.

Mr. CALDER. Will the Senator permit me to interrupt him?

Mr. JONES of Washington. Certainly.

Mr. CALDER. Is it not a fact that under the language of the provision on page 163 that would be taken care of?

Mr. JONES of Washington. I was just going to read that. It has been suggested that there is certain language in the amendment that would take care of it. That language is the following:

Such employees shall be granted the increased compensation provided herein only when and upon the certification of the person in the legislative branch or the head of the department or establishment employing such persons of the ability and qualifications personal to such employees as would justify such increased compensation.

It has been suggested that under that language the heads of the departments would give certain of these men the increase of \$240. I want to say that that would be a perversion of the intention and purpose of that provision. It seems to me that the purpose is to provide that where any employee, by reason of peculiar ability or qualification, shows himself to be worthy of an increase, then it can be given.

Mr. NELSON. In an individual case?

Mr. JONES of Washington. In an individual case.

Mr. NELSON. Not a whole class?

Mr. JONES of Washington. Not a whole class at all. That is not intended to give the head of a bureau or the head of a department the general power to regulate the salaries of his subordinates and bring them up to what they ought to be commensurate with the high cost of living.

Mr. SMITH of South Carolina. Mr. President, I should like to ask the Senator a question. He said the police who are sought to be excluded from the operation of this amendment had received in excess of \$200. Has the Senator information as to what their salaries are now?

Mr. JONES of Washington. It has been read here time and again.

Mr. SMITH of South Carolina. I was not present.

Mr. JONES of Washington. I know it. The Senator was necessarily absent on business of the Senate. That is the trouble about discussing these things, as the Senator from Utah [Mr. SMOOT] said awhile ago; Senators are not here, and can not be here. They do not know the facts with reference to the particular subject under consideration. So they vote, apparently, as they are struck by the suggestion or statement that comes to them when they return to the Chamber.

I am not saying that these men are given too high a salary. I doubt if they are getting sufficient. But that same argument can be applied to practically all the employees of the Government, especially those who are getting under \$2,400 or \$2,500 a year. We want to do justice in this matter, and, as the Senator from Utah said, the main reason why this exception was put in here was to act justly and act fairly.

I want simply to emphasize what he called attention to, that there are hundreds of the employees of the Government who are getting small salaries, but who receive during this year an increase, by promotion or otherwise, of \$200. They must drop the bonus beginning June 30. They do not get the bonus for next year. Is it fair, is it just, is it square dealing and square treatment for officials who have received five, six, seven, or eight hundred dollars increase during the year to be given a bonus beginning June 30, 1920, when the clerk who received a \$200 increase, because he got that increase, will not get the bonus beginning June 30, 1920? There is the proposition that confronts us in this matter, and that is the proposition which confronted the committee, and the committee could not see where it was fair to do that.

Senators, if this amendment is adopted then we ought to strike out every part of the amendment from line 3 down to line 20 on page 163, and give to every employee who has a salary under \$2,500 this bonus, no matter what increase he has had during the past year. If the Senate desires to do that, it ought to adopt the amendment of the Senator from New York [Mr. CALDER]. If it does not desire to do that, then it seems to me, in fairness and in justice to the hundreds and thousands of other employees of the Government, the amendment ought to be rejected.

Mr. President, the policemen do not want this unfair treatment. I talked with some of them this morning. They recognize that situation. I called it to their attention, and they said they did not want to be put in a class by themselves so far as treatment of that kind is concerned. They do not ask for different treatment from that given other employees of the Government. They do not want it, and they do not expect it.

If the amendment of the Senator from New York should be adopted, as I said, we ought to strike out all of this amendment of the committee from line 3 down to and including line 20.

Mr. GRONNA. Mr. President—

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from North Dakota?

Mr. JONES of Washington. I yield.

Mr. GRONNA. For my information, I ask the Senator if the policemen would get the increase proposed by the Senator from New York unless we further modify the paragraph referred to by the Senator?

Mr. JONES of Washington. I have said that I do not think they would. They would not get a cent.

Mr. GRONNA. Unless there would be a perversion of the law?

Mr. JONES of Washington. Yes; it could be done by a perversion of the law; the head of a department would give a blanket certification. That is not the intention.

Mr. GRONNA. So, as a matter of fact, it would not be of any substantial benefit to the policemen of this city?

Mr. JONES of Washington. In my judgment, it would be of no help at all—not one penny.

Mr. CALDER. If the Senator will permit me, why, then, was the language which I have sought to strike out put in the amendment?

Mr. SMOOT. Because of the very fact that we wanted to enumerate the exceptions, just the same as we do with the War Risk Bureau—just the same as we do with the vocational educational force. They ought to be enumerated, because of the fact that next year it will call attention to the fact that we have this bonus but that these classes have been eliminated.

Mr. CALDER. Mr. President, if the Senator will permit me again, I know of a whole group of men in the navy yard at New York who received an increase of pay of about \$280, but who have not been mentioned specifically in this bill.

Mr. SMOOT. Nor do they get the bonus, because of the fact that they fall within the prevented class, having received an increase of more than \$200.

Mr. CALDER. I know that is the case. I would be very glad, if my amendment is agreed to, to have the Senator from Washington offer an amendment striking out the language to which he refers. I would vote for it.

Mr. WARREN. If the Senator will allow me, I want to say to him that if the Senate adopts such an amendment I shall, I fear, not be able to protect any kind of a bonus when we get into conference. The House itself allowed the matter to pass out with little or no effort to retain it. The House found other ways of getting around points of order on other matters that went out on points of order, like, for instance, the commercial attachés; but this bonus went out cold, with no definite plan for its reintroduction, as in the case of other matters which went out on points of order and were taken care of. I read every word of the debate on this subject as it proceeded in the House to keep posted, as the chairman of a committee ought to do always, and I know it hangs by a thread; and if you load this up in the manner in which you propose to load it you will probably get no bonus at all. That will be the result of it.

Mr. GRONNA. If the Senator will permit me further, I asked the questions which I have put, and which the Senator was kind enough to answer, for the reason that personally I am in sympathy with the policemen of this city. I would be glad to do something which would be of substantial help to them. But I can really see that the amendment would be merely a subterfuge; that it would not and could not be of any substantial benefit unless we eliminate the restrictions entirely; and, of course, in that case all those who receive above \$2,500 would get the \$240 bonus, which can not be done.

Mr. CALDER. Oh, no; the man who gets over \$2,500 will not get it.

Mr. STERLING. I was interested in what the Senator from Washington [Mr. JONES] had to say in reference to talking to the policemen of the city, and I wondered if those men had made any claim because of the more hazardous nature of their work or because of the longer hours in which they were employed; if any of them claimed at all that they should have additional compensation on that account?

Mr. JONES of Washington. They did not say anything about that this morning. Of course, those matters were gone into, however, when we prepared legislation increasing their salaries. In the general legislation that we passed that was taken into account, and I think very properly.

Mr. STERLING. The Senator has seen, perhaps, the report of the Reclassification Commission—

Mr. JONES of Washington. Yes; but I have not been able to examine it carefully.

Mr. STERLING. With regard to salaries of this kind. The Senator from Nevada [Mr. HENDERSON] called attention to it this morning. The report shows that the salaries recommended by the Reclassification Commission would approximate the salaries provided with the bonus added thereto.

Mr. JONES of Washington. Mr. President, that, to my mind, has no bearing upon the question really at issue before the Senate. That is a proposition which will be considered when we come to reclassifying the salaries. We are considering now simply a bonus proposition, that we have had in our legislation for two or three years, and which was adopted in this legislation to meet conditions that have already been described. The

question before the Senate now is simply as to whether we are going to follow an entirely different course with reference to the bonus itself from that we have been following heretofore, and whether, in the interest of one particular class, we are going to work an injustice to many others in the Government service whom we have been trying by this bonus system to treat fairly and to put on the same basis.

When the bonus system was first put in the act, my recollection is that it had the provision in it that if they had received an increase of salary of \$200 they would not get the benefit of it. So those who had that increase did not get any bonus. Then, in the next act we inserted a provision again that any employees of the Government who had received an increase of \$200 or more should not get the bonus. Therefore, any person who was getting a bonus for that year, but had received an increase of \$200, dropped the bonus the next year. When we were considering the legislation to increase the salaries of the firemen and policemen, I was a member of the District Committee, not a member of the subcommittee, but I never thought anything except that while we increased their salaries they continued to draw the bonus to the end of this year, because the law had already provided it. We never thought anything about a change which would give them the bonus, notwithstanding this increase in salaries. I thought our bonus proposition, if carried at all, would be carried just as before.

Mr. CALDER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Washington yield to the Senator from New York?

Mr. JONES of Washington. Certainly.

Mr. CALDER. If the same increases had come over from the previous year, then these men would get the bonus next year, would they not, under the language of the bill?

Mr. JONES of Washington. If the increase had been made last year and then they had not gotten above \$2,500, if they had not received any additional increase, this year they would certainly get the bonus.

Mr. CALDER. So that if the present bonus system extends over the next fiscal year, ending June 30, 1921, these men can get the bonus?

Mr. JONES of Washington. That depends upon what provision we make in the law.

Mr. CALDER. If we follow the same language?

Mr. JONES of Washington. Certainly.

Mr. CALDER. So these men, in fact, will suffer a reduction in pay, whether you call it a bonus or otherwise, of \$20 a month for a period of one year.

Mr. JONES of Washington. No more than other employees of the Government who got an increase of \$200 will suffer a reduction in pay. They all suffer a reduction in pay. Anyone who got an increase of \$200 by promotion and the bonus of \$240 drops the bonus of \$240 on the 30th of June. They get a reduction if the provision remains as it is in the bill. That is the proposition to which I am opposed. If the Senator's amendment is adopted, then I am in favor of striking out this other provision. It ought to be done in fairness and justice and square dealing to other employees of the Government.

Mr. CALDER. I would agree with the Senator, if this was not an unusual case. We are dealing, as I said this morning, with men who guard the property of the city, the Capital of the Nation, and the lives of our officials. We have had difficulty in the past in keeping up the morale of the force. We can not fill vacancies existing now, and I insist that if we reduce their pay the situation will become more chaotic.

Mr. JONES of Washington. That is the argument which comes with reference to all the various employees in the different branches of the Government service. That is the argument that appeals to us when we are fixing the salaries of the officials. It is the argument that appeals to me upon the proposition of a permanent increase in the salaries of these employees.

Just the other day a representative of one of the organizations of the Government came to me urging that we should increase salaries. Why? Because if we do not, they were going to lose the greater part of their force. The Senator from New York [Mr. CALDER] has an amendment pending before the Committee on Commerce now proposing to raise all salaries of civil engineers connected with river and harbor work. I am getting telegrams and letters every day stating that unless this legislation is enacted the Government will lose the services of those experienced men. That may be true. It may be true that they ought to have greater pay, but that, to my mind, does not apply to the question now before the Senate. I do not think anybody sympathizes more with the firemen and the policemen than I do. I may be dull, I may not be able to grasp the situation, but, to my mind, the situation is really this: Are we, by an express bonus provision, going to treat one class of employees differently from another class of

employees? That is the only question to my mind that is involved here.

As I said, the amendment proposed by the Senator from New York will not alone give these men a single dollar unless the head of the department perverts the law and does what he ought not to do and what Congress does not intend him to do. If the Senator from New York is going to amend the provision so that the firemen and policemen shall get this bonus, then it ought to be amended so that every other employee of the Government, notwithstanding an increase of \$200 during the past year, shall also get the bonus. That is the question which confronts us. The committee tried to act squarely, honestly, and fairly with these people.

I may say just one word with reference to the question the Senator asked me and which was answered by the Senator from Utah [Mr. Smoot] as to the reason why this provision was put in here. I was not a member of the subcommittee of the Committee on Appropriations that framed and reported it to the full committee. My general understanding was that the amendment was presented by the subcommittee in substantially the same language in which it was reported to the House. So far as I was concerned, as a member of the committee I did not give any special consideration to the provision. My understanding was that it was thought best to present the bonus proposition substantially as it was reported to the House, and we reported it that way to the Senate. Just what governed the House in putting in these provisions I am not prepared to say.

The Senator from New York [Mr. CALDER] says it is a special case. It is a special case. These men received special consideration at the hands of Congress. They have received exceptional increases in pay during the last year, and instead of that being an argument in favor of the retention of the bonus for them it is more of an argument against its retention. But if we give them this bonus and make this section clear that they are to have the bonus, we ought to make it clear that the other employees of the Government who got an increase of \$200 shall also have the bonus.

Mr. DIAL. Mr. President, I believe in paying all employees just compensation, and I believe this class have already received what they are entitled to. I was a member of the Committee on the District of Columbia when this question came up some time ago. They appointed a subcommittee, and that subcommittee brought in a report increasing the pay for privates \$500 and then graduated up from 33 per cent. At that time I thought the increase was excessive. I thought they ought to have some increase, but that that amount was excessive. I moved to cut the increase down. That motion was agreed to in the committee, reducing the increase about one-half.

Then the next thing they did was to move that that should have a retroactive effect to last August. I opposed that motion. I must say that I have very little respect for the ability of people who enact laws that have a retroactive effect. It is a bad premise, it is a bad precedent.

We ought to pass laws that would be an example to the United States. However, they antedated this to the 1st of August, and they got that amendment by. Then the matter went into conference, and they gave up the reduction which I obtained in the committee and they put the pay back to that recommended by the Senator from New York [Mr. CALDER], who was a member of the subcommittee. So they have received a greater increase in pay than any other employees of the Government so far as I am aware.

I sympathize with policemen in a proper way, but I do not believe in this Miss Nancy business of patting every employee on the back. People do not have to accept employment unless they want to, and they can quit the service if they see fit to do so. We sympathize with everybody who works, but everyone ought to work. I say that the proper way to get at this would be through the Committee on the District of Columbia. That committee recommended everything it could possibly think was necessary here. My recollection is that the testimony before us was that the policemen of the District of Columbia receive greater pay than policemen receive in the city of Philadelphia. My recollection is their duties there would be more arduous than here. I think the testimony was that a private here received by virtue of this increase something like \$250 a year more than they received there. The same thing was true as to a fireman.

The duty of a fireman is not an arduous one. He sits in the house and plays poker or whatever game he sees fit to play. He has to go out only occasionally, and much of the talk about "the poor fireman" is absurd. Occasionally they go out and put out a fire, but day in and day out theirs is about the nicest job I

know of. I passed along the other day and saw four of them sitting around a table playing cards. Not being an expert, I could not tell exactly the nature of the game, but they were certainly having a good time.

It is well here to talk about being just to the employees of the Government, and that is correct. No Senator ought to want to do an injustice to any employee. But the time has come when we should consider doing justice to the producers of this country. I sometimes wonder, as I sit here listening to the arguments, whether Senators remember that there is anyone else in the United States except the employees of the Government.

I heard my good friend, the Senator from Montana [Mr. MYERS], tell a while ago about his watch experience. He is in better condition than I was because he can deliver the coin, 14 wheels I believe it was, to get his watch fixed. My clock up home did not run well and I put it under my arm and went down to the tinker's establishment the other day and laid it on the counter and asked what he would charge to repair it. I said that sometimes it would run and sometimes it would not. He put his thumbs in the armholes of his vest and said "I will charge you \$5." I said, "No; you will not." The idea of a man telling me he would charge me \$5 for fixing my clock before he had picked it up and looked to see what was the matter with it. I would not mind paying \$5, but it made me mad that the man should tell me he would charge me \$5 before he even looked at the clock. So I picked up the little clock, put it under my arm again, and walked up the street.

That is what the people of this country will have to come to. We will have to say that we will not pay exorbitant prices.

Speaking about the police here not joining the Federation of Labor, I look on the policemen as patriotic citizens. They have all the ordinary intelligence of mankind. They are naturally selected for their intelligence, for their bravery, for their discretion. I think we have a good lot of policemen here who have profited as the result of the police strike in Boston and who saw the danger connected with that kind of a precedent, and therefore did not care to join the Federation of Labor. Not only that, I am one who does not believe it is necessary to give a man a premium to do his duty.

We speak of this Reclassification Commission. I do not know much about it, but I read in the paper the other day where they recommend a seven-hour day. If that is what they recommended, I hope we will never hear any more about reclassification. That is one of the reasons why the cost of living is so high now, because people do not half work. I believe in reclassifying the salary of every employee in the Government, looking over it in the proper way, and arriving at a proper and just compensation, considering all the interests of the employee and the interests of the Government. But if it has to be cut down in that way, if the Government employees are only to work seven hours a day, then I say I repudiate any such reclassification.

Talk about the high cost of living! It is getting to be so now that the people are quitting the farms and coming to town, and if we, the representatives of the Government, keep on increasing the pay of employees it is going to discourage the farmer and he is going to quit the plow, and he and his boy Tom are coming to town, too, in order to get some of this public pap. What we need is to do something to encourage them to stay on the farm, and we can do that by paying only just compensation to our Government employees. Sometimes I believe if we would say, "There will be no more increase for the present until the country gets back to normal, but, on the other hand, perhaps we will decrease compensation somewhat," we would not hear much more about wanting more pay.

The time has come when we will have to put on the brakes and apply the holdback strap and say we will stop paying out so much money. This bill, in the matter of increases in salaries, has already cost the people of the District of Columbia or the Government \$334,000, I believe it was. Anyone who has had an increase of 33 per cent in the last few months ought to be ashamed, and others ought to be ashamed, too, to come here and ask Congress to do anything more.

I repudiate the action of some subcommitteeman going out and making a trade with somebody and coming in here and saying that the committee or the Senate is bound. I do not want anybody to arrogate to himself that privilege when I am on the committee. I am going to be modest about it, and I do not have much to say, being a new Member of the Senate, but I want, if the committee is to be bound, the authority expressly delegated to the one who says that some such trade has been made. So, Mr. President, I hope that the amendment of the Senator from New York will be rejected. As the Senator from Washington says, I feel that if it were passed, then we should

have to go back over this whole matter, take up this chaotic condition of affairs, and revise the pay scale considerably.

The PRESIDENT pro tempore. The question is upon the amendment offered by the Senator from New York to the amendment reported by the committee.

Mr. POMERENE. I ask that the amendment be stated again. The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. In the amendment reported by the committee, in line 1, on page 164, after the word "Alaska," it is proposed to strike out the following words:

Officers and members of the Metropolitan police of the District of Columbia and the United States park police who receive the compensation fixed by the act approved December 5, 1919; officers and members of the fire department of the District of Columbia who receive the compensation fixed by the act approved January 24, 1920.

Mr. WARREN. Mr. President, I presume all the Senators present understand that the pending motion is to amend an amendment reported by the committee by striking out a part of the committee amendment. I have only to say that I hope the motion will not prevail.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from New York to the amendment reported by the committee. [Putting the question.] The yeas seem to have it.

Mr. CALDER. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Reading Clerk called the roll, and the following Senators answered to their names:

Brandegee	France	McKellar	Sheppard
Calder	Gay	McLean	Smith, Md.
Capper	Gore	McNary	Smoot
Comer	Gronna	Myers	Sterling
Culberson	Hale	Nelson	Sutherland
Cummins	Henderson	New	Thomas
Curtis	Jones, Wash.	Nugent	Townsend
Dial	Kellogg	Overman	Trammell
Edge	Kendrick	Phelan	Underwood
Elkins	Keyes	Phipps	Wadsworth
Fernald	Kirby	Pomerene	Warren

Mr. CAPPER. I wish to announce the absence of the Senator from Vermont [Mr. DILLINGHAM] and the Senator from Mississippi [Mr. HARRISON], attending the meeting of the subcommittee to investigate the schools of the District of Columbia.

The PRESIDENT pro tempore. Forty-four Senators have answered to their names. There is not a quorum present. The Secretary will call the names of the absent Senators.

The Reading Clerk called the names of the absent Senators, and Mr. SMITH of Arizona and Mr. SMITH of South Carolina answered to their names when called.

Mr. McCUMBER and Mr. WATSON entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Forty-eight Senators have answered to their names. There is not a quorum present.

Mr. DILLINGHAM and Mr. HARRISON entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Fifty Senators have answered to their names. There is a quorum present.

Mr. CALDER and Mr. UNDERWOOD addressed the Chair.

The PRESIDENT pro tempore. The Senator from New York.

Mr. CALDER. Mr. President, is it in order for me to ask for the yeas and nays on this amendment of mine?

Mr. WARREN. Mr. President, there will have to be a reconsideration before there can be a yeas-and-nays vote, because a vote was had and the result announced by the Chair. I have no wish to delay the matter, but the Senator from Alabama [Mr. UNDERWOOD] is on the floor addressing the Chair, wishing to contribute something to the matter before us. I have, however, no objection to a reconsideration at the proper time.

Mr. CALDER. I request a reconsideration of the vote taken a moment ago in order that we may have the yeas and nays on this amendment.

The PRESIDENT pro tempore. The Chair had not announced the result of the vote.

Mr. CALDER. Then I ask for the yeas and nays on the amendment.

The PRESIDENT pro tempore. The Senator from New York requests the yeas and nays on the amendment. Is the request seconded?

The yeas and nays were not ordered.

Mr. CALDER. I ask for a division.

Mr. UNDERWOOD. Mr. President, I desire to say a few words on the amendment before it is finally voted upon. I shall detain the Senate only a few minutes.

I do not know of any set of men who have to earn their living by their daily toil who are entitled to more credit for their work, and who have had to labor under greater difficulties, than

the average clerk in the departments in Washington, due to the fact that his salary did not increase and that the cost of living for a period before the war, greatly exaggerated during the war, and continuing to-day has pyramided upward and upward. Therefore, I voted in the committee to report the bonus proposition that was stricken out in the House. I voted in the committee last year for the appointment of a commission to study and report to Congress a reorganization of the salaried forces of the Government, in order that the salaried man might have a fair and just compensation. It is idle to say that we can expect to go the whole limit. We can not place the Government employee on the basis of the salaries paid by private corporations that are making war profits. The burden of taxation to-day on the American people is enormous. We must meet our war indebtedness; we must pay our obligations; and therefore our hands are shackled, and we can not do absolute and exact justice to the Government employee without burdening the Treasury to such an extent that we will jeopardize the credit of the Government.

I believe that reasonable justice should be done when the time comes, but I am not in favor of playing favorites in this matter. That is all there is in the proposition that is pending before the Senate at this hour. It is a question of a plea for favoritism.

I do not contend that an increase in salaries of \$240 is a fair increase to all of the clerks in the Government employ. For some it may be too high; for a vast number it is too low; but when it was adopted we were facing the exigencies of war. We did not have time to analyze and study this situation, and we adopted it as the only expedient that was available at the time. Now we have appointed a salary commission. They have spent a year in investigating the subject. They have made their report.

The Congress has not as yet had the opportunity to analyze that report and pass upon it. I have no doubt that it will be passed upon fairly and justly when the time comes.

The House, for one reason or another, failed to include in this bill the bonus of last year. It was subject to a point of order, and it all went out. This bonus that is reported by the committee, renewing last year's contract with the clerks on that subject, is not yet in the bill. Any Senator on this floor can make a point of order against it, and it must go out; and that is the end of the bonus to every clerk in the Government employ.

As far as I am concerned, I feel very kindly disposed to pay these policemen and firemen a just and reasonable wage. They are engaged in a dangerous pursuit. They have to be uniformed men, and, as I believe, the force here in Washington is a capable and efficient force; but they are no better than anybody else. Furthermore, they are not the only employees of the Government that have had an increase. Last year numbers of men in the Government employ were prevented from getting this bonus because they had had an increase, either by individual promotion or promotion as a class.

Mr. CALDER. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from New York?

Mr. UNDERWOOD. Yes; I yield.

Mr. CALDER. The Senator has just stated that a great many clerks whose salaries have been increased during the past year have failed to receive the bonus.

Mr. UNDERWOOD. If they have been increased over \$200, they have.

Mr. CALDER. Certainly.

Mr. UNDERWOOD. That is the only thing that is standing in the way of the firemen and policemen receiving the bonus. There is nothing else here to prevent them from getting the bonus; but notwithstanding the fact that they got the increase you want to aid them to hog it for more and get them on a better basis than the others.

Mr. CALDER. Mr. President, if the Senator will permit me to conclude what I was about to say—

Mr. UNDERWOOD. Surely.

Mr. CALDER. The Senator spoke a moment ago of playing favorites. If the language on page 164 that I seek to strike out is eliminated, we will place the firemen and the policemen in exactly the same position that we place all other Government employees who receive an increase; and, if the Senator will permit me, I will say to him that in many departments of the Government, and I know in the War Department, any man who receives an increase during a fiscal year who has been getting that increase for a period of six months by general order of the War Department automatically obtains the bonus. That is the practice in that department, and it may be in others, so far as I know.

Mr. UNDERWOOD. I do not know about the War Department, but I can assure the Senator that if the clerks who have come to me have told the truth—and I assume they have—there have been a vast number of them cut out of this bonus because they have been increased \$200, and their chief did not desire to give them the bonus.

Mr. CALDER. I simply ask to put these men on the very same plane as other clerks and employees of the Government.

Mr. UNDERWOOD. If that were all that the Senator from New York is doing, I would agree with him; but, in my judgment, he is doing just the opposite. He is attempting to pick out a class and play favorites with them. That is all there is in this proposition.

Why, here are the clerks in the Tariff Commission. They did not get any bonus last year and they are not getting any this year. They are not included in this bill. Here are all the clerks in the War Risk Bureau. Last year, after careful investigation, because we concluded that their average salaries were better than those of the other clerks, we gave them a bonus of only \$120. They came here this year and said that that state of affairs no longer existed, that they were not getting more than the average salary, and yet in the provision which the committee reported we held them down to the \$120. Now, why? We had a good reason for doing that, and we ought to be sustained by the Senate.

This bonus provision was knocked out in the House. We wanted to put it back so that these clerks could get what they got last year. If we made one amendment to this bonus proposition, it was but just and fair that we should hear them all—that we should hear the men in the Tariff Commission, the men in the War Risk Bureau, the men in the machine shops, who complained about the very thing that the Senator is complaining about now and who want to have the privilege, when their compensation has been increased over \$200, of getting the bonus themselves. Now, what would have happened if we had done that? If we had stopped to take in one man, if we did not intend to play favorites over last year, we would have had to hear them all. If that had been done, we not only would have delayed the bill, but we would have had to go into the consideration of a readjustment of salaries on a bonus basis when we had before us the report of a commission which was directed to investigate and recommend a readjustment of these salaries according to law.

This bonus is not a permanent matter. It is only temporary. It is intended only to last this year, with the idea that before next year's appropriation bill comes in there will be affirmative action by the Congress of the United States permanently readjusting the salaries under this Government as a matter of law.

I say, therefore, that what the Senator from New York proposes is absolutely unjust to the other clerks. It is unjust to the machinists in the navy yards, who are appealing to have this bonus proposition amended because they may have had a \$200 increase in their compensation and can not come under its terms. It is unjust to the clerks in the War Risk Bureau. It is unjust to the clerks in the Tariff Commission, who are not getting any bonus at all.

It is unjust to the clerks in the Vocational Educational Bureau, who are not getting the full bonus. All of these people are in the same position.

Therefore, I say, why should we pick a particular class of men and make an exception in their favor, when the only purpose of the committee was to bring back the bonus as it was agreed to last year, on the same terms, as a temporary matter, so that we would not have to go into a salary readjustment until the committee had ample time to consider the full report of the commission that the Congress appointed to readjust the salaries?

That is all there is in this proposition.

Mr. TOWNSEND. Mr. President, may I ask the Senator a question, as a matter of information?

The PRESIDENT pro tempore. Does the Senator from Alabama yield to the Senator from Michigan?

Mr. UNDERWOOD. Surely.

Mr. TOWNSEND. I am curious to know why the Senator said there were good reasons why the War Risk employees were given the \$120 and not the \$240.

Mr. UNDERWOOD. I will state to the Senator the reasons. I shall have to go a little into the history of this bonus and explain it.

During the war the new bureaus of the Government—which I might designate, roughly speaking, as the war bureaus—were being operated under lump-sum appropriations. There was no limitation on the salaries. A lump sum was handed to the chief of the division, and he fixed his own salaries. Wages had gone up. Clerical employees were in demand. There were

millions of men in the Army, and there was a shortage of clerks. They offered much higher salaries than were paid to the statutory clerks in the Government service, the men who had served the Government for decades. Now, when this bonus proposition came along the committee assumed, and had the right to assume, that in strictly war divisions or war bureaus the salaries had been placed on a war basis, and to a large extent that was true.

But in order by law to differentiate between the war conditions and the statutory roll of the old clerks we had to fix in the committee a time limit. We did not want to stop and pick out each bureau separately, but we fixed a time limit, and said that all bureaus and divisions that were organized and operating before that time should have the benefit of the bonus, and the new divisions which were operating under war conditions should not have it.

Mr. CURTIS. Mr. President—

Mr. UNDERWOOD. Just a minute, until I finish this statement. Of course, we were hitting at the temporary organizations. The War Risk Bureau is to be a permanent organization, but it came in after our time limit was fixed, and therefore fell with the temporary organizations, and they claimed the bonus. First they were cut out entirely, and they claimed that they were entitled to the bonus. We said, "Your basis of wages has been fixed during the war at a war compensation." They said, "No; it is fixed upon the basis of the statutory clerk." There the dispute rested. But we had a thorough investigation. We brought their representatives before us and had a complete statement of their pay rolls, the average pay of the clerk, and then we compared it with the old statutory rolls in the old departments of the Government, and we concluded—and it may be that we were right or it may be that we were wrong, but I think the judgment of the committee was correct—that if we gave them a bonus of \$120 we would equalize them with the clerks on the old statutory roll.

This year they come and say that there is a changed condition, and that they are entitled to the full bonus. We did not give it to them, because we said that we could not go into this matter; that it was going to be fixed next year. We said, "We can not get off with it if we are going to reorganize all these clerical forces, and therefore we will let it stand on last year's determination, with the understanding that the day will not be far distant when this whole matter will be readjusted by law, as it should be, and not by bonuses."

I yield to the Senator from Kansas.

Mr. CURTIS. Let me call the Senator's attention to the fact that I offered an amendment giving the war-risk clerks a \$240 bonus, and upon that amendment the investigation was made, and the committee took the action suggested by the Senator from Alabama. Afterwards an amendment was offered on the floor of the Senate, as the Senator may remember, and the \$120 proposition was rejected.

Mr. UNDERWOOD. The Senate rejected the amendment and sustained the committee.

Mr. SMITH of South Carolina. May I ask the Senator, upon the investigation did you find that the level of salaries in the War Risk Bureau was sufficiently above that of the old statutory roll?

Mr. UNDERWOOD. Yes. The Senator from Utah [Mr. Smoot] refreshes my memory. It was \$124 above the statutory roll. So there is no question about that.

I do not mean to say that a great many of the \$1,800 and \$1,600 clerks who have families to support are getting fair compensation or adequate compensation in comparison with what clerks receive who are doing the same class of work in private business. I am not saying that at all. But we were not trying to play favorites. We were trying to adjust the matter on an equitable basis and make them all have the same basis.

I am not complaining of the Senator from New York that he is trying to pay these men too much wage, but my complaint against him and his amendment is that he is playing favorites; that he is trying to put one class in the bill and give them this advantage as against all the others. I think if we want this to go through—and it is going through practically by unanimous consent—we ought to stand on last year's determination, and then expect that we will do justice to these clerks in the future.

Mr. WARREN. If the Senator will yield a moment, I want to add to what he has said that the House committee gave this subject a great deal of attention, especially with reference to what has been said of the War Risk Bureau. They were sixty-odd days in subcommittee before they reported it and ninety-odd days before the bill came to us, every day of which was spent in looking up that and other matters pertaining to it, and we had it before us in the bonus proposed in the House of \$120 to start with.

Mr. UNDERWOOD. Certainly; the chairman is correct; and I can say this: If the Senate thinks these men are entitled to \$240—and I am not combating it on the merits—then these other people are entitled to it, and instead of amending the bill it ought to be rereferred. Send it back to the committee and tell us to work out the problem as to the others. That is all there is to it. It is a question of putting them all on an equal basis, and as far as I am concerned when the proper time comes I shall be willing to give these men for whom the Senator is fighting a fair compensation; but when it comes to picking them out as a special class to be benefited by the bill above other people, I am not going to vote for it.

Mr. CALDER. If the Senator will permit me, my contention is that they are picked out as a special class.

Mr. UNDERWOOD. I know that is the Senator's contention, but the facts do not sustain it.

Mr. CALDER. I have information that many of the departments gave their employees the \$240, regardless of whether they received increases amounting to \$200, and they based that upon the law.

Mr. WARREN. That is only in exceptional cases. That is not the rule, so far as I am advised, in any department. Where it was applied, it was under what you might term the contingency element of the subject, and of course in the war time matters in the War and Navy Departments, under the celebrated Overman Act, were considered with a liberal construction, so as to get along the fastest and the best they could.

Mr. CALDER. If the Senator from Alabama will permit me, in reply to the Senator from Wyoming I will say that I am advised that in the War Department all clerks who served six months under the advanced pay, even if they exceeded the \$200, received the bonus, and that was the case for this fiscal year.

Mr. SMOOT. Will the Senator yield?

Mr. UNDERWOOD. I yield to the Senator from Utah.

Mr. SMOOT. I understand that the War Department has made this ruling, that if the increase of the compensation in a certain fiscal year is made before the first six months of that year, then, at the end of the first six months, providing the clerk serves the six months into another fiscal year, he can receive the bonus in the following fiscal year; but the Senator can not say there is a case where a clerk in one of the departments, employed in the District of Columbia, at the beginning of a fiscal year worked six months and then received an increase of \$240.

Mr. CALDER. My information is that if during the first six months of the fiscal year they receive an increase in excess of \$200, at the end of the fiscal year, when the time comes to award the bonus for the following year, the bonus is allowed.

Mr. SMOOT. That is, for the next year.

Mr. CALDER. Yes.

Mr. SMOOT. Certainly; and the thing will happen here with any policeman.

Mr. CALDER. No; because you specifically prevent them from getting it.

Mr. SMOOT. There is no difference at all.

The PRESIDENT pro tempore. The question is upon the amendment offered by the Senator from New York to the amendment of the committee.

On a division, the amendment to the amendment was rejected.

Mr. THOMAS. Mr. President, the fate of the amendment to the amendment tempts me very strongly to make a point of order to the committee amendment itself. The fact that the subject was introduced into the bill by the amendment of the committee is the basis of all the trouble. The House eliminated the bonus. Before the House committee, I think, the bonus asked for was \$480. The Senate committee has seen fit, and doubtless for the best of reasons, to restore the existing status, which is admittedly unjust, whose inequalities have been very graphically portrayed by the Senator from Utah [Mr. Smoot] and the Senator from Alabama [Mr. Underwood]. Nevertheless, it is proposed, notwithstanding such inequality, to incorporate it into the present appropriation bill, at the same time eliminating an arrangement which was due to the negotiations between these two forces of the city government and the subcommittee of the Committee on the District of Columbia. I voted for that amendment entirely because of my information as to what that understanding was.

I shall not make a point of order against the amendment, because, having given the bonus, and the cost of living having automatically risen to a point where the bonus was absorbed, its recipients must continue to receive it until the general classification is effected. To take it away now would be to deprive them of a compensation which our own act here has largely contributed in producing, and I am disposed to continue it as long

as conditions exist as they now are, because of the fact that the price of living has risen correspondingly.

A difficulty, however, about this method of attempting to relieve the needs of the civil service is that it deprives the recipients of the impulse for thrift, because they feel, and experience justifies the feeling, that whatever their financial shortage may be, Congress will relieve it by a bonus or by an increased expenditure.

A couple of young ladies from my State came to my office the other day to appeal to me to use what influence I might possess to secure their promotion, the plea being that they could not make both ends meet with the compensation which they received in their present positions. These ladies wore fashionable shoes of a fashionable color, silk stockings, one of them a silk dress, and both of them carried furs. They were dressed in a style my daughter can not afford. They were dressed quite as elaborately as the average woman of means you may encounter upon the street, to all of which I give my approval. It is perfectly proper and perfectly natural that women should wish to adorn themselves, and that each should be as well dressed as the others, but the difficulty lies in the effort to sustain the expense which such apparel requires and at the same time live upon the compensation given by the Government. The motive for such expenditure, Mr. President, consists in the fact that Members of Congress always are ready to relieve distress, and particularly the distress of organized employment, especially when the organization has already informed us that they are keeping a close watch upon our records and propose to disseminate it to their associates all over the United States in conjunction with the coming campaign.

If these people were given to understand that the economies of the Government required rigid frugality upon their part, these evidences of extravagance would disappear and there would be some return to reason. Just so long as they know they can apply here, just so long as they know that their statements, which are unquestionably correct, that their expenditures do not correspond to their incomes, will have results, just so long will the incentive to thrift and frugality be absent in their modes of life.

On the other hand, there is no question that the purveyors to what may be called the transient population of Washington also take advantage of our readiness to increase this compensation by fixing their rates for the needs of life accordingly.

There is another class of public employees, a useful class, a necessary class, who are suffering quite as much, if not more, because of their inadequate compensation. I refer to the officers of the Army and the Navy, many of whom, because of the demotions consequent upon the armistice and receiving a smaller salary, are compelled to resort to the most rigid forms of economy, some of them with large families being actually in need. We have in the Senate attempted to relieve that situation by passing a bill for their relief, but the House, from what I understand of its views on needed economy at the present time, has thus far taken no action upon it. This suffering is in some instances almost acute. Their economy is apparent in everything that goes to make up existence, in so far as economy is possible when you consider rents and the cost of living generally.

Speaking of rents, Mr. President, my attention was called yesterday by the wife of an Army officer to the rate of proposed rentals for a large apartment house now in process of construction which is called the Hadleigh. From what this lady tells me, and I have no reason to doubt her statement, it ought to be christened the "Holdup." It is a very large institution, partly completed. This lady was shown one of the smallest proposed apartments upon the plans, consisting of two rooms and a cell which by courtesy was called the breakfast room. The price demanded for this so-called apartment was \$125 a month. One of three rooms and an attachment something like the cell to which I refer was \$225 a month. The reason given is the expense of building material and of labor.

The unfortunate feature of the situation is, however, that these people derive their incomes by fixing enormous prices to those who can least afford it, because it is only those who are nearly destitute, a man and wife and family, who can live with any sort of decency, to say nothing of comfort, in two rooms and a cell. They are exploiting every class of the community which can least afford it for the purpose of obtaining enormous revenues to meet their so-called expenses.

I do not know who the men are who represent the corporation building this apartment house, but if that is their method, and it seems to be, they ought to be tarred and feathered and run out of the District of Columbia, although perhaps they are neither better nor worse than a great many others doing the same thing. But as long as this condition continues they will

be encouraged by this proposal to increase the compensation of employees at the expense of the Public Treasury. We are largely to blame for it.

I do not know what this new commission is doing, if anything, with regard to the rent problem. As far as I am able to ascertain from newspaper reports, they are acting very much like a congressional committee of investigation—they are hearing people and doing nothing else. A man by the name of Oyster, I believe, is at the head of the commission. It seems to me if that Oyster would only open his shell and get down to bedrock and inquire into conditions such as I have mentioned regarding the proposed Hadleigh apartment, and enforce the law which the Congress enacted some time ago creating that commission, it might go a long ways toward assisting us in solving the problem of increased compensation.

Mr. HARRISON. Mr. President, I desire to offer an amendment to the committee amendment.

The PRESIDENT pro tempore. The Secretary will state the amendment proposed by the Senator from Mississippi.

The ASSISTANT SECRETARY. On page 164, in line 1, before the word "officers," insert the word "except"; and on the same page, line 6, after the figures "1920," insert the words "who shall be included and shall receive increased compensation at one-half the rate allowed by this section for other employees."

Mr. HARRISON. Mr. President, the provision brought in by the committee would eliminate all the bonus to the policemen and the firemen. The amendment which I suggest to the provision is that they be allowed a \$120 bonus, cutting the proposition as suggested by the Senator from New York [Mr. CALDER] from \$240 to \$120. It would seem to me that it would be fair to these men to give them at least a \$120 bonus. It is very true that we increased these men's pay, but it is not denied that to-day they are not receiving as much as policemen and firemen in Chicago, New York, and other cities.

The Senator from Nevada [Mr. HENDERSON] stated in his speech that when the Reclassification Commission considered this matter they thought they were going to get this bonus in addition to the increase as allowed by law, and that with the bonus of \$240, together with the salaries that they now receive under the law, they would receive no more than they would get if the law should be written according to the report of the Reclassification Commission.

I care nothing about the suggestion that some of the department clerks did not receive as much bonus as these men would receive or receive nothing and these men receive something. I believe that every employee in the Federal Government to-day should receive a bonus. I believe that the employees in the War Risk Insurance Bureau should receive a \$240 bonus, because I can not understand how they can live in the city of Washington on the inadequate salaries which are paid them.

There is this difference between the clerks in most of the departments and the firemen and the policemen in the city of Washington: A majority of the employees in the War Risk and the Treasury and the various other departments are single people, whether they are men or women. In most instances they are without families. The policemen here in most instances are married men with families, and the same is true as to firemen. I can not understand how any Senator can imagine a man with a wife and two or three children living in Washington on \$125 or \$135 or \$150 a month.

It does seem to me that it is all wrong for the Senate to eliminate this bonus proposition as to the policemen and the firemen. Even though there are Members of the Senate who might have voted against the \$240 bonus, it would seem to me that now they could vote for an amendment which would insure them a \$120 bonus. I have seen these policemen and you have seen them in the wintertime standing on the streets with the mercury below zero going up against such climatic conditions as that, risking their lives in the discharge of their duties. Firemen have risked their lives in fires on many occasions. Clerks in the departments do not do that.

These men with such conditions imposed on them, it seems to me, should be adequately paid, and the facts are revealed that they are not on a similar basis with any other city in the country. I hope the amendment will be agreed to in order that, at least, they may get \$120 bonus while we are paying \$240 bonus to many of the others.

Mr. WARREN. If the Senator will yield a moment I will say that the House committee gave this subject a great deal of consideration, especially with reference to what has been said about the bonus. The subcommittee had hearings on the matter and it was considered by the main committee, and it was only after full consideration that this attitude was taken by the committee.

Therefore I trust the amendment offered by the Senator from Mississippi will not prevail.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Mississippi to the committee amendment.

Mr. HARRISON. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. HARRISON. I ask for the other side.

The PRESIDENT pro tempore. The Chair has counted the other side.

Mr. HARRISON. As I understand the rule, a certain per cent of the number present can ask for a yeas-and-nays vote.

The PRESIDENT pro tempore. One-fifth of the Senators present.

Mr. HARRISON. A certain number have requested the yeas and nays. I am asking that those who are opposed be counted, so that we can see whether one-fifth are in favor of it.

The PRESIDENT pro tempore. The Chair, guided by the observation that it has had of proceedings in the Senate, is constrained to hold that those who are called upon to second a demand for the yeas and nays must constitute one-fifth of the Senators who are present in the Senate Chamber.

Mr. HARRISON. I ask for a division.

The PRESIDENT pro tempore. The Senator from Mississippi asks for a division on the amendment proposed by him to the committee amendment.

On a division, the amendment to the amendment was rejected.

Mr. HARRISON. A parliamentary inquiry. Is it too late to ask for the yeas and nays?

The PRESIDENT pro tempore. The Chair is of the opinion that it is now too late, inasmuch as the decision of the Chair has been announced upon the division.

Mr. SMOOT. The yeas and nays were refused.

The PRESIDENT pro tempore. The yeas and nays were called for, and the request was not seconded. A division was then called for. The vote was taken upon a division and the result was announced by the Chair. In the opinion of the Chair it is now too late to again ask for the yeas and nays upon the amendment proposed by the Senator from Mississippi to the amendment of the committee.

Mr. HARRISON. What did the vote show as to those voting for the amendment and those voting against it?

The PRESIDENT pro tempore. There were fewer voting for the amendment than voting against it.

Mr. HARRISON. May I ask what was the number voting for it?

The PRESIDENT pro tempore. The Chair does not now recall.

Mr. HARRISON. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Beckham	Glass	McNary	Sheppard
Brandegee	Gore	Myers	Smith, S. C.
Calder	Gronna	Nelson	Smoot
Comer	Hale	New	Sterling
Cummins	Harrison	Nugent	Thomas
Curtis	Jones, Wash.	Overman	Townsend
Dial	Kellogg	Page	Underwood
Edge	Kirby	Phelan	Warren
Fernald	McKellar	Phipps	
Gay	McLean	Pomeroy	

Mr. McKELLAR. The Senator from Virginia [Mr. SWANSON], the Senator from Arizona [Mr. ASHURST], and the Senator from Nevada [Mr. HENDERSON] are absent on official business.

The PRESIDENT pro tempore. Thirty-eight Senators have answered to their names. There is not a quorum present. The Secretary will call the names of the absent Senators.

The Reading Clerk called the names of the absent Senators, and Mr. CAPPER, Mr. KENDRICK, Mr. KEYES, Mr. SMITH of Arizona, Mr. SMITH of Maryland, Mr. SUTHERLAND, and Mr. TRAMMELL answered to their names when called.

Mr. DILLINGHAM, Mr. ELKINS, Mr. WADSWORTH, Mr. STANLEY, and Mr. FRANCE entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Fifty Senators have answered to their names. There is a quorum present.

Mr. HARRISON. I offer the amendment which I send to the desk to the amendment reported by the committee.

The PRESIDENT pro tempore. The amendment to the amendment will be stated.

The ASSISTANT SECRETARY. On page 164, line 1, before the word "officers," it is proposed to insert the word "except," and on line 4, after the numerals "1919," it is proposed to insert

"who shall be included and shall receive increased compensation at one-half the rate allowed by this section for other employees."

Mr. HARRISON. Mr. President, this amendment confines the \$120 increase merely to the police force of the city of Washington. It does not go as far as the \$240 bonus allowed to other employees, but only provides for a \$120 bonus.

The PRESIDENT pro tempore. The question is on the amendment proposed by the Senator from Mississippi to the amendment proposed by the committee. [Putting the question.] By the sound the yeas seem to have it.

Mr. HARRISON. I ask for the yeas and nays.

The PRESIDENT pro tempore. The Senator from Mississippi demands the yeas and nays. Is the demand seconded?

The yeas and nays were ordered, and the Reading Clerk proceeded to call the roll.

Mr. EDGE (when his name was called). I have a pair with the junior Senator from Oklahoma [Mr. OWEN]. In his absence, I withhold my vote.

Mr. FERNALD (when his name was called). I have a pair with the junior Senator from South Dakota [Mr. JOHNSON]. I transfer that pair to the junior Senator from California [Mr. JOHNSON], and will vote. I vote "nay."

Mr. JONES of Washington (when his name was called). The senior Senator from Virginia [Mr. SWANSON] is necessarily absent. I have promised to take care of him with a pair while he is absent for the rest of the afternoon, and therefore withhold my vote.

Mr. KELLOGG (when his name was called). I have a pair with the senior Senator from North Carolina [Mr. SIMMONS]. I transfer that pair to the junior Senator from Iowa [Mr. KENTON], and vote "nay."

Mr. KENDRICK (when his name was called). I transfer my pair with the Senator from New Mexico [Mr. FALL] to the Senator from Utah [Mr. KING], and vote "nay."

Mr. TOWNSEND (when his name was called). I have a general pair with the senior Senator from Arkansas [Mr. ROBINSON], and therefore withhold my vote. I understand that my announcement counts me as present for a quorum.

Mr. TRAMMELL (when his name was called). I have a pair with the Senator from Rhode Island [Mr. COLT]. In his absence, I transfer that pair to the Senator from Massachusetts [Mr. WALSH], and vote "yea."

Mr. UNDERWOOD (when his name was called). I transfer my general pair with the junior Senator from Ohio [Mr. HARDING] to the senior Senator from Louisiana [Mr. RANDELL], and vote "nay."

The roll call was concluded.

Mr. GAY. I have a general pair with the senior Senator from New Hampshire [Mr. MOSES]. In his absence, I withhold my vote.

Mr. MCKELLAR. I wish to announce that the junior Senator from Nevada [Mr. HENDERSON] is absent on official business, and that he is paired with the junior Senator from Illinois [Mr. MCCORMICK].

Mr. GLASS. I have a general pair with the senior Senator from Illinois [Mr. SHERMAN], which I transfer to the senior Senator from Nebraska [Mr. HITCHCOCK], and vote "nay."

Mr. DILLINGHAM (after having voted in the negative). I am compelled to withdraw my vote, as I observe that the Senator from Maryland [Mr. SMITH], with whom I have a general pair, has not voted.

Mr. CALDER. I have a pair with the junior Senator from Georgia [Mr. HARRIS]. I transfer that pair to the junior Senator from Nebraska [Mr. NORRIS], and vote "yea."

The roll call resulted—yeas 13, nays 31, as follows:

YEAS—13.

Calder	Mckellar	Pomerene	Trammell
Elkins	McNary	Sheppard	
France	Myers	Sutherland	
Harrison	Phelan	Thomas	

NAYS—31.

Ashurst	Glass	McCumber	Smith, Ariz.
Beckham	Gore	McLean	Smith, S. C.
Brandagee	Gronna	Nelson	Smoot
Cramer	Hale	New	Sterling
Cummins	Kellogg	Nugent	Underwood
Curtis	Kendrick	Overman	Wadsworth
Dial	Keyes	Page	Warren
Fernald	Lenroot	Phipps	

NOT VOTING—52.

Ball	Fletcher	Johnson, S. Dak.	Mccormick
Borah	Frelinghuysen	Jones, N. Mex.	Moses
Capper	Gay	Jones, Wash.	Newberry
Chamberlain	Gerry	Kenyon	Norris
Colt	Harding	Kling	Owen
Culberson	Harris	Kirby	Penrose
Dillingham	Henderson	Knox	Pittman
Edge	Hitchcock	La Follette	Poincxter
Fall	Johnson, Calif.	Lodge	Ransdell

Reed
Robinson
Sherman
Shields

Simmons
Smith, Ga.
Smith, Md.
Spencer

Stanley
Swanson
Townsend
Walsh, Mass.

Walsh, Mont.
Watson
Williams
Wolcott

The PRESIDENT pro tempore. On this question the yeas are 13, the nays are 31. Five Senators are present announcing pairs, as follows: Senators EDGE, JONES of Washington, TOWNSEND, GAY, and DILLINGHAM. Therefore the amendment proposed by the Senator from Mississippi [Mr. HARRISON] to the amendment of the committee is rejected.

Mr. HARRISON. Mr. President, my amendment as offered applied only to the policemen, as, of course, Senators know. If that amendment had been adopted, I had intended to offer a similar amendment touching the firemen; but, in view of the vote, I shall not offer the other amendment.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment proposed by the committee.

The amendment of the committee was agreed to.

The reading of the bill was concluded.

The PRESIDENT pro tempore. The bill is before the Senate as in Committee of the Whole, and open to amendment.

Mr. CURTIS. Mr. President, I offer the amendment which I send to the desk. It should have been offered in its order in the reading of the bill, but I was in the chair at the time.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On page 2, line 19, it is proposed to strike out the word "librarian" and the comma, and in line 16, before the word "enrolling," it is proposed to insert the word "librarian" and a comma.

The amendment was agreed to.

Mr. OVERMAN. Mr. President, I was on the committee which reported this bill. Since the committee adjourned, a matter has been called to my attention in which I think a grave injustice has been done; and therefore I am going to offer an amendment, which I ask the chairman of the committee to carry to conference.

Ever since the Court of Appeals of the District of Columbia has been established the chief justice of that court has been allowed, as in the case of nearly all the courts in the country, \$500 more than the associate justices. The chief justice of the Supreme Court of the District of Columbia has been allowed \$500 more than the associate justices. The chief justice of the Court of Claims has been allowed \$500 more than the associate justices. This \$500 extra has been allowed them by reason of the fact that they are the chief justices of their respective courts. The House has made provision for the chief justice of the Court of Claims; but, on page 156, line 15, in the case of the Court of Appeals of the District of Columbia, it will be noted by the chairman that the chief justice only gets the same as the other justices, \$8,500, when it should be \$9,000, because that has been the rule ever since the court was established; and, on page 157, line 4, the salary of the chief justice of the Supreme Court of the District of Columbia should be \$8,000 instead of \$7,500.

It is manifestly unjust that the men who are the chief justices of these great courts, who ever since the establishment of their courts have received this \$500 extra, should have had that amount left out, for some reason, in the House.

I therefore move to amend by inserting, on line 15, page 156, where the words "chief justice" occur, \$9,000 instead of \$8,500; and, on page 157, line 4, I move to make the salary of the chief justice of the Supreme Court of the District of Columbia \$8,000 instead of \$7,500, thus allowing them just what they have had for years, ever since their courts were established.

Mr. WARREN. Mr. President, I do not want to antagonize the Senator, but I will simply say that the last law that was passed fixed the salary as it is now reported in this bill.

Mr. OVERMAN. That is right.

Mr. WARREN. This changes the law.

Mr. OVERMAN. That is where the injustice occurs. The salary was increased, but in making the appropriation the extra \$500 which is allowed to the chief justice has not been provided for.

The PRESIDENT pro tempore. The Secretary will state the first amendment proposed by the Senator from North Carolina.

The ASSISTANT SECRETARY. On page 156, under the subhead "Court of Appeals, District of Columbia," after the words "chief justice" and the comma on line 15, it is proposed to strike out "\$8,500" and to insert in lieu thereof "\$9,000."

Mr. JONES of Washington. Mr. President, as I understand, that is the salary that is fixed in the law?

Mr. OVERMAN. Yes.

Mr. JONES of Washington. That is correct, is it not?

Mr. OVERMAN. Yes. If the Senator will notice—

Mr. JONES of Washington. From a remark made by the chairman of the committee, I thought he understood it differently.

[A pause.] Apparently I do not understand this matter yet, from what the chairman tells me.

Mr. OVERMAN. As the Senator will remember, the Judiciary Committee in reporting the bill increased by the sum of \$1,000 the salaries of the judges of the Court of Appeals of the District of Columbia and the Supreme Court of the District of Columbia and also the salaries of all of the judges throughout the United States. Now, in framing this bill the \$500 extra that has always been allowed to a chief justice was not taken into consideration.

Mr. JONES of Washington. That is, the law that the Judiciary Committee reported did not give the chief justice—

Mr. OVERMAN. Five hundred dollars extra.

Mr. JONES of Washington. In other words, you are changing the law and legislating in this bill?

Mr. OVERMAN. No, Mr. President; I am asking the Senate to give them the same amount that they have had ever since the courts were established, and which I suppose every chief justice in the United States gets—\$500 extra. I have no doubt that they get it in the State of Washington. I ask the Senator to let it go to conference.

Mr. JONES of Washington. I thought, from the Senator's first statement, that the law which the Judiciary Committee reported had fixed their salaries—

Mr. OVERMAN. No; we did not take into consideration the question of this extra \$500 which was allowed before, but we just increased the salaries of the judges \$1,000. The \$500 extra which they had been getting before was not taken into account in that bill, and therefore I am providing for the extra \$500 now.

Mr. JONES of Washington. What did you provide for the chief justice in that bill?

Mr. OVERMAN. Nothing at all.

Mr. JONES of Washington. You did not provide any salary at all for him?

Mr. OVERMAN. Only the \$8,500.

Mr. JONES of Washington. Well, that fixed his salary at \$8,500?

Mr. OVERMAN. Yes; but the \$500 extra has always been allowed.

Mr. JONES of Washington. I know; but your legislation fixed the salary of the chief justice at \$8,500?

Mr. OVERMAN. Yes.

Mr. JONES of Washington. Now you are proposing to raise that salary in this appropriation bill?

Mr. OVERMAN. We only propose to give him what he and his predecessors have been getting for 50 years.

Mr. JONES of Washington. That is not what I am trying to get at. What I am trying to get at is this: The law gave him, as I understand it, \$8,500, and you propose to give him \$500 extra.

Mr. THOMAS. Let me see if I understand the position of the Senator from North Carolina. I may not understand it. The statute increasing the salaries of judges made an increase of a thousand for each of the judges, and that would still leave the salary of the chief justices \$500 in excess of the salaries of the other justices.

Mr. JONES of Washington. That is, if the law provided, for instance, that the chief justice should receive \$500 more than the others, then an increase of a thousand on all, of course, would give him \$500 more than the others.

Mr. THOMAS. Yes. That is what I understand the position of the Senator from North Carolina to be.

Mr. OVERMAN. That is true, but under the law they have this \$500 extra, which is provided for all the courts.

Mr. JONES of Washington. Let me ask the Senator this question: Before the judiciary act was passed, did the chief justice, not according to appropriation bills but according to law, get \$500 more than the other judges?

Mr. OVERMAN. Oh, yes; and the Judiciary Committee, in fixing the salaries, did not take that into consideration, but fixed the salaries of all the judges throughout the United States, and did not repeal the law which allowed them the \$500 extra.

Mr. JONES of Washington. I understood the Senator from Colorado [Mr. THOMAS] to say that the bill that the Judiciary Committee reported increased all the salaries \$1,000.

Mr. OVERMAN. Yes.

Mr. JONES of Washington. That would, of course, still keep the chief justice \$500 ahead. Now, you are making the appropriation to conform to that?

Mr. OVERMAN. Yes.

The PRESIDENT pro tempore. The question is upon the amendment proposed by the Senator from North Carolina.

The amendment was agreed to.

The PRESIDENT pro tempore. The Secretary will report the second amendment offered by the Senator from North Carolina [Mr. OVERMAN].

The ASSISTANT SECRETARY. On page 157, under the head of "Supreme Court, District of Columbia: Chief justice," it is proposed, after the words "Chief justice," in line 4, to strike out "\$7,500" and insert in lieu thereof "\$8,000."

The amendment was agreed to.

Mr. GORE. Mr. President, I move to reconsider the vote by which the Senate agreed to the committee amendment, on page 45, beginning with line 12 and extending to line 24.

The PRESIDENT pro tempore. The Secretary will read the amendment agreed to in Committee of the Whole.

The Assistant Secretary read as follows:

Beginning with the fiscal year 1921, the Federal Farm Loan Board shall, as soon as possible after the close of each half of each fiscal year, levy upon the Federal land banks and joint stock land banks in proportion to their gross assets an assessment equal to the amounts expended from all appropriations on account of salaries (including any additional compensation) and expenses of the board and its appointees and employees for the half of the fiscal year then closed. The board, in making such assessment, shall assess exclusively against either class of banks such expenses as may be incurred exclusively on behalf of such class. Such assessments shall be covered into the Treasury of the United States as miscellaneous receipts.

The PRESIDENT pro tempore. The Senator from Oklahoma moves that the vote by which the amendment was agreed to shall be reconsidered.

Mr. SMOOT. Mr. President, I do not know whether that motion at this time is in order or not. I will say to the Senator that he can have a direct vote upon the amendment when it reaches the Senate.

Mr. GORE. I am aware of that.

Mr. SMOOT. I wish to say to the Senator that this is a provision that was prepared by the Federal Farm Loan Board. I introduced a bill for this purpose in the Senate, and it passed the Senate. There is not an objection made by any bank that I know of in the United States to paying the expenses for examinations, just the same as the national banks pay for the examinations made of them.

Mr. GORE. I understand this covers the entire expenses of the system, does it not?

Mr. SMOOT. No. It costs \$143,000, and it applies to all the banks in the Federal reserve system. It amounts to scarcely nothing. But why should the Government of the United States pay for the examination of these banks? The Government never pays the expenses of the examinations of the national banks. There is no reason why the Government should pay for this, and it amounts to so little to all of the banks of the country that not a bank in the United States has objected that I know of. The Federal Farm Loan Board called my attention to it before I introduced the bill, and I might say that the Federal Farm Loan Board prepared the bill.

Mr. GORE. Does the Senator consider that this is limited purely to inspection?

Mr. SMOOT. That is all the expense there is to it, the cost of the investigation of the bank, just as examiners examine national banks. It means \$143,000 for all of the banks under the Federal Farm Loan Board.

Mr. GORE. You mean the land banks?

Mr. SMOOT. The land banks, both the joint-stock land banks and the Federal farm land banks.

Mr. POMERENE. Mr. President, I should like to call the attention of the Senator from Utah to this language:

An assessment equal to the amounts expended from all appropriations on account of salaries (including any additional compensation) and expenses of the board and its appointees and employees for the half of the fiscal year then closed.

Mr. SMOOT. It continues:

The board, in making such assessment, shall assess exclusively against either class of banks such expenses as may be incurred exclusively on behalf of such class.

That is all the board does. They pass upon the examination as to the condition of the banks and upon the banks' resources and liabilities, and those banks are examined just the same as the national banks are examined to-day. But under the law as it was originally passed there was \$143,000 appropriated for this purpose each year, and the members of the Federal Farm Loan Board tell me that there is no objection by the different banks of the country whatever to the payment of the expenses incurred.

Mr. THOMAS. I think, Mr. President, that if the purpose of this amendment is as stated by the Senator from Utah it is not only proper but necessary. He says that this assessment is to be made to liquidate the expenses of the examination of the banks.

Mr. SMOOT. That is all it is for.

Mr. THOMAS. But the phraseology requires a deduction by an assessment equal to all appropriations on account of salaries. Certainly the examination of a bank does not cost as much as the salaries of the appointees and employees of the board.

Mr. SMOOT. Some banks are larger than others, and they want to base the assessment upon the amount of salaries paid.

Mr. THOMAS. But the entire assessment is to be the equivalent of the salaries.

Mr. SMOOT. Not at all.

Mr. THOMAS. That is the language.

Mr. GLASS. Mr. President, I am rather inclined to think—in fact, I am firmly of the opinion—that the Senator from Utah has not accurately stated the meaning of the amendment. I am for the amendment, but it clearly means not the expenses of examination of the banks, but the expenses of the Federal Farm Loan Board.

Mr. SMOOT. Mr. President, of course the Federal Farm Loan Board makes the examinations as the reports may be made, and that is the final judge of the condition of the banks. I had forgotten about this until it was called to my attention by the Federal Farm Loan Board. I do know this: That it was discussed at the time the bill establishing the Farm Loan Board passed the Senate, and there was no objection whatever to the favorable report of the Secretary of the Treasury at the time. I think, however, that it passed before the Senator from Virginia [Mr. GLASS] was Secretary of the Treasury, although I do not remember the date.

Mr. GLASS. I recall discussing the matter while I was ex officio a member of the Farm Loan Board, and I agree that it ought to be done; but we ought not to do it under a misunderstanding as to what is contemplated. It really means to defray the expenses of the board and its appointees and employees, just as is done in connection with the Federal Reserve Board, and as ought to be done, in my judgment.

Mr. SMOOT. There is no doubt about it at all.

Mr. GORE. Mr. President, I understood this amendment to mean what the Senator from Virginia [Mr. GLASS] says it means. I did not understand it to bear the limited meaning suggested by the Senator from Utah. It is more comprehensive than his suggestion would indicate. I object to it on that ground.

Mr. SMOOT. Does the Senator think that all of these banks should be administered here by the Federal Farm Loan Board and pay no expenses whatever toward defraying the cost of the examination?

Mr. GORE. In the first place, this Federal land bank system is a new system.

Mr. SMOOT. It is not very new now.

Mr. GORE. It is new and, in a sense, it is an experiment. The system has not been launched very long, and I think it is perhaps not running steady on its keel yet. It ought to be encouraged by the Government. I do not think it ought to have a subsidy, but I think the Government ought to be generous toward this system. It ought to be made to succeed, if it can succeed, and I do not think it just or necessary to levy upon these banks a tribute to maintain the expenses of the system. I think the Government can well afford to do that much. Mr. President, we do not levy a tax upon the national banks to maintain the office of the Comptroller of the Currency here in Washington.

Mr. SMOOT. However, the national banks pay for inspection.

Mr. GORE. They do pay for inspection?

Mr. SMOOT. Certainly.

Mr. GORE. If this were limited to that, perhaps it might be justified.

Mr. SMOOT. Not only that, but the amount they charge for inspection more than pays the expenses of the inspection. The Senator must know that.

Mr. GORE. That may be true. That is not the point involved in this controversy, however. The Government defrays the expenses of the salary of the Comptroller of the Currency and the expenses attached to his office, and no tribute is levied on national banks for maintaining his office here in Washington, and we ought not to levy tribute on these farm banks in order to maintain the Federal land bank board here in Washington.

The fact that the Federal Farm Loan Board recommends this system ought not to be conclusive. It is a question which should be decided by the Congress, and if this land-bank system is earning a surplus sufficient to defray these expenses, it is earning too much. That money ought to be left in the hands of the borrowers. It ought to be represented in a reduced rate of interest. The purpose of this banking system, Mr. President, is to afford the farmers a system of long-time credits at as low a rate of interest as is consistent with the situation of the money supply

of the country, and if the system is charging more than is necessary to realize that rate of interest, if it is earning a profit sufficient to meet this large appropriation, then interest rates ought to be reduced instead of this appropriation being made.

I think the Federal Farm Loan Board has an erroneous conception of its own functions and of the principles of this land-bank system. I do not think this policy ought to be adopted at this time. It certainly ought to be remitted to the future, until this system is well established, and that is the reason why I have moved a reconsideration of the vote by which the amendment was adopted.

Mr. SMOOT. Mr. President, the amount that was estimated is \$143,000, and that would be about one-thousandth of 1 per cent of the rate of interest that was charged for these loans. How does the Senator think that is ever going to affect the rate of interest? Not only that, but this is assessed upon the joint-stock land banks as well, and the joint-stock land banks of this country have made outrageous profits.

Mr. GORE. I am not certain, Mr. President—

Mr. SMOOT. I am certain.

Mr. GORE. I am not certain but that this is a matter of principle and not a matter of a few dollars and cents.

Mr. SMOOT. Mr. President, we have the Federal Reserve Board, and they sit here in Washington, and the banks pay for their expenses. I say they are just as new as the Federal farm land banks, and there is no attack made upon them.

Mr. GORE. The analogy does not hold. Ultimately the surplus earned by the Federal reserve bank will go into the Treasury of the United States, after the surplus equals the capital stock, as I remember it. But whether the Government pays these salaries before it goes into the Treasury or after it goes into the Treasury is not very material.

Mr. McLEAN. I do not understand that this amendment affects the law regulating the salaries of the Farm Loan Board. Those salaries are paid by the Government.

Mr. GORE. It does not affect them at all.

Mr. McLEAN. Of course, that is the advantage they have over the other system. More than that, the Federal Government has now issued, I think, something like \$300,000,000 of nontaxable bonds which are a direct subsidy to this institution.

I am sure we all sympathize with it and want it to succeed and to be granted every consideration possible; but it seems to me, since my attention has been called to it, that the expenses, as stated by the Senator from Utah [Mr. SMOOT], might well be paid by the system in view of the fact that the system is prosperous, and the Government has already granted the system a subsidy in the issue of nontaxable bonds. There is already pending in Congress a bill removing the subsidy of bonds issued by the joint-stock land banks, and I think it ought to be removed.

Mr. GORE. Mr. President, I realize that this Federal land bank system is a unique system and it has been shown certain extraordinary consideration by the Government. I think it ought to have been shown that consideration because it was designed to fill a peculiar niche in our system of credit institutions. It had to be fostered by the Government in order to be brought into existence. I know there are those, too, who have never been reconciled to the institution of this system.

There are those who would like to take away those advantages which enable it to exist and which enable it to compete with private concerns, who would like to load it down with fees and charges and other encumbrances that would make it undesirable and prevent it from filling its peculiar function in our system. I am in favor of the system and want it to succeed, and I do not want to place it in a situation where it can not meet the purposes for which it was instituted.

Mr. SMOOT. This amendment would never interfere with it at all. I will say to the Senator now that if there is a single bank in the United States that has made any objection to this, I would like to know what bank it is. I do not believe the Senator has received a single scratch of a pen from a bank in the United States objecting to it. They all recognize the fact that it ought to be paid by the banks, and I think it ought to be.

Mr. GORE. I do not know what is the attitude of the banks toward this amendment, and I am not concerned as to their attitude. I want the farmers of this country to enjoy the benefits of a system of long-time credits at low rates of interest. That is what I am concerned about. It may be true that those in charge of these banks might be willing to destroy the advantages of the system and equalize it with those private institutions, destroying the very object for which this was created. I am not in sympathy with that, and I think that if the officers of the banks are in sympathy with that kind of a scheme they might well consider changing the personnel.

Mr. McLEAN. I simply want to say that this system will not affect the rate of interest which the borrowers under the system have to pay to-day.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Oklahoma to reconsider the vote by which the amendment of the committee was adopted.

Mr. SMITH of South Carolina. Why would it not be in the interest of clarity and perfect understanding to have the amendment so worded as to indicate that for the purpose of inspection the assessment shall be levied, but not to cover the whole expenses of the entire system, because if I can read the language aright as now written it means that the assessment shall be laid upon these banks to defray the expenses of the entire system, including the salaries of the board itself.

Mr. McLEAN. I do not understand that. I have not had my attention called to it.

Mr. SMITH of South Carolina. Listen to the language. I will read the amendment and emphasize that particular part when I come to it:

Beginning with the fiscal year 1921 the Federal Farm Loan Board shall, as soon as possible after the close of each fiscal year, levy upon the Federal land banks and joint-stock land banks in proportion to their gross assets an assessment equal to the amounts expended from all appropriations on account of salaries (including any additional compensation) and expenses of the board and its appointees and employees—

If that does not cover the whole business, I would like to know what does.

Mr. McLEAN. I will say to the Senator from South Carolina that my attention is just called to this matter. I was not aware that the provision did involve the salaries of the Farm Loan Board.

Mr. SMITH of South Carolina. It covers the whole thing.

Mr. McLEAN. That would be \$50,000 a year, or a little more. I think the Government now pays the direct salaries; but that is all.

Mr. SMITH of South Carolina. The contention of the Senator from Utah was that we are going to make an exception of this system as against other bank systems and assess the banks to pay the salaries and office expenses of the board here in Washington, as well as inspection and other incidental expenses connected with the whole system.

Mr. McLEAN. Putting it on the same basis as the Federal Reserve Board.

Mr. SMOOT. If it were amended as suggested by the Senator from South Carolina it would read as follows:

In proportion to their gross assets, an assessment equal to the amounts expended from all appropriations on account of salaries (including any additional compensation) other than the members of the Federal Farm Loan Board.

Mr. SMITH of South Carolina. That is all right.

Mr. GRONNA. Mr. President, this amendment was discussed by the subcommittee. I suppose that the amendment is in the form that it was in the committee, and it is perhaps my fault that I did not take time to carefully study it. I understood, however, that the provision was to pay the expenses of examination. I agree with the Senator from Oklahoma [Mr. GORE] and the Senator from South Carolina [Mr. SMITH] that this is an innovation. I can see no reason why the Federal land banks should pay the salaries of the Federal Farm Loan Board any more than the banks should pay the salaries of the people here in Washington who are administering the banking affairs under the provisions of our banking laws.

Mr. GLASS. Will the Senator permit an interruption?

Mr. GRONNA. Certainly.

Mr. GLASS. Why should the member banks of the Federal reserve system, then, be required to pay the salaries and expenses of the Federal Reserve Board?

Mr. GRONNA. I am surprised that the Senator, having been Secretary of the Treasury, should ask that question, for the simple reason that they are permitted to make a profit, which is not the case with the Federal farm loan banks. If the Senator will pardon me, there is not a Senator here who does not know that this law, when it was passed, was for the purpose of giving a small subsidy in order to supply the small farmers with real, cheap money. We all admit that. It never was intended to be a business which would yield profits.

There is not a Senator here who does not know that we can easily go too far in extending credit and increase the bond issues, and that is my objection to the joint-stock land banks; they have been permitted not only to make profits but to make large loans and enormous profits. We can not justify the proposition which will permit either the joint-stock land banks or the Federal farm loan banks to issue bonds to such an extent that it would cause complaint so that too many bonds exempt from taxation are issued. That would simply mean the repeal of the law. This law was passed for the purpose of helping the poor man, the small farmer, the farmer who could not afford to go to the money centers and get cheap money. It never was intended for the big farmer, who is able to get a loan at low rates.

This law was enacted for the sole purpose of stabilizing interest rates to the small farmer, and to encourage men to go into the industry to establish homes and to increase production.

I believe it is wrong in principle, as the Senator from Oklahoma [Mr. GORE] has said, to compel the Federal farm loan associations or the Federal farm loan banks to pay for the administration of the business here in Washington, and I never so understood it. If I had I should have objected to it.

If the amendment is now properly before the Senate, unless it is amended I shall make a point of order against it.

The PRESIDENT pro tempore. The question is upon the motion to reconsider the vote by which the amendment was agreed to. No amendment to the amendment itself is in order at this time.

Mr. GRONNA. The Senator from Utah will remember that when this question was discussed I asked that the joint-stock land banks and the Federal farm loan banks be separated and that each pay its pro rata share of the expenses for inspection. I think that is in the amendment.

Mr. SMOOT. In proportion to their gross assets.

Mr. GRONNA. But I can not understand why we should insist that these banks, any more than other banks, should be compelled to pay the salaries of people here in the city of Washington.

Mr. SMOOT. They do that now under the Federal reserve system.

Mr. GRONNA. The Senator knows that those banks are permitted to make profits.

Mr. GLASS. The Senator himself ought to know, because he was on the committee, that they are permitted to make only a limited profit, and when that limit is reached the earnings of the bank go into the Treasury of the United States.

Mr. GRONNA. I agree with that.

Mr. GLASS. If we want to hold to this amendment we ought to hold to it upon the argument and not upon any mere matter of sentiment. No Senator can point out where the adoption of this amendment will increase the rate of interest to the farmers of the country one penny, because it will not do it.

Mr. GRONNA. I am glad to have the Senator say that.

Mr. GORE. Mr. President—

The PRESIDENT pro tempore. Does the Senator from North Dakota yield to the Senator from Oklahoma?

Mr. GRONNA. Certainly.

Mr. GORE. I think the Senator from Virginia [Mr. GLASS] has answered his own argument or answered the argument made by those who agree with him. It is true that the profits of the Federal reserve system are limited and that the excess over that limit passes into the Treasury of the United States, so that whether we pay the salaries of the Federal Reserve Board out of those earnings before they pass into the Treasury of the United States or permit them first to pass into the Treasury and then pay the salaries out of the Treasury, is entirely immaterial.

Mr. GRONNA. I ask unanimous consent that the vote may be reconsidered.

Mr. SMOOT. There is a motion to reconsider pending now.

Mr. GRONNA. Very well.

Mr. TOWNSEND. Mr. President, a parliamentary inquiry. As I understand it now, the motion of the Senator from Oklahoma [Mr. GORE] is to reconsider the vote, upon which the Senator from North Dakota [Mr. GRONNA] says, if it is reconsidered, that he proposes to raise a point of order upon it, so that it may go out. While ordinarily I am always willing to reconsider a proposition in order that there may be discussion, yet if the reconsideration shall take away from the Senate the power to act upon this proposition, which I believe to be absolutely just, that these banks ought to pay what the Federal reserve banks pay, then I do not believe it is proper for us to exempt them from doing it. Therefore, with that parliamentary situation confronting us, I do not feel inclined to vote to reconsider. If the provision could go through as it did before without a point of order being raised, I should be very glad to have the vote reconsidered in order that further information may be presented, if any is at hand, but I can not vote for the motion under the notice which has been given.

Mr. GRONNA. Mr. President, I had not expected the Senator from Michigan to vote for it, as I understand he has always been opposed to the farm-loan banks.

Mr. TOWNSEND. The Senator is entirely mistaken as to that. I have never been opposed to them. I voted for them, but I felt at the time they were organized that they would be of little value to the State of Michigan, for instance. I stated, however, that there were sections of the country where I thought the establishment of farm-loan banks would be of great benefit, and therefore I was willing that they should be organized. I

repeat, however, I stated that I did not think they would be of great benefit to Michigan.

Mr. GRONNA. Mr. President, will the Senator yield?

Mr. TOWNSEND. I yield.

Mr. GRONNA. The Senator knows now that he was mistaken about that, I think. I have a statement in my office which shows that the State of Michigan has taken advantage of that law almost to as great an extent as any other State.

Mr. TOWNSEND. That is one reason why I would not object to the establishment of the banks, as I never have done. I do not want that anything be done now that will be at all detrimental to the banks; I am simply asking for justice in the treatment of these banks, as in the case of other banks of the country.

Mr. WARREN. Mr. President, it is after 5 o'clock; we have had a rather trying day—

Mr. EDGE. Mr. President, if the Senator will allow me just a moment, I have a request to make.

Mr. WARREN. If the Senator desires to offer an amendment, he can hardly do that, inasmuch as an amendment is already pending.

Mr. EDGE. I was going to explain, if the Senator will give me just a moment before he makes a motion to adjourn, that engagements make it impossible for me to be here to-morrow, and I simply want to secure, if possible, unanimous consent to offer an amendment, not with the idea of discussing it now, inasmuch as another question is pending, but in order to have the amendment properly before the Senate when we reach a position where it may be considered. At that time, in my absence, some other Senator will unquestionably present it. I simply desire unanimous consent that it may be properly offered to the bill.

Mr. WARREN. The Senator has a right to offer it, of course, and to have it lie on the table.

Mr. EDGE. I offer the amendment. It is my understanding, however, from the brief conversation I have had with the Senator from Wyoming, that it will not develop any discussion, and for that reason I had hoped that it would be adopted to-day.

The PRESIDENT pro tempore. As the Chair understands, the proposed amendment has been printed and is now on the table.

Mr. EDGE. I understand that; but it is my understanding that it has to be offered again after the committee amendments have been disposed of.

The PRESIDENT pro tempore. There is a motion pending. The Senator from New Jersey must therefore defer his amendment until that motion is disposed of.

Mr. EDGE. I will be very glad to do so; but I understood that the Senator from Wyoming was about to make a motion to adjourn, and for that reason I wanted to have the amendment before the Senate.

Mr. WARREN. Mr. President, I take it for granted that the matter now before the Senate must first be disposed of unless adjournment should put it over, in which event it would be taken up to-morrow exactly as we leave it to-night. I do not understand that the Chair could entertain another amendment while a motion is pending and unacted upon.

The PRESIDENT pro tempore. The Senator from Wyoming is quite right. A motion to adjourn is in order, if the Senator desires to make it.

Mr. WARREN. I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 18 minutes p. m.) the Senate adjourned until to-morrow, Thursday, April 1, 1920, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, March 31, 1920.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Lord our God and our Father, with whom nothing is impossible, without whom we are nothing, strengthen us by the power of Thy might for the duties of the hour. Guide us by the light of Thy wisdom to do Thy will here now and always. In the spirit of the Lord Jesus Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS.

Mr. GRIFFIN. Mr. Speaker—

The SPEAKER. Does the gentleman rise to make a correction of the Record?

Mr. GRIFFIN. No; I desire to make a unanimous-consent request.

The SPEAKER. The gentleman will state it.

Mr. GRIFFIN. I ask leave to extend my remarks in the Record on the bill H. R. 13333, introduced by me on the bonus question.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks on the bonus question. Is there objection?

Mr. WALSH. Reserving the right to object, are they the gentleman's own remarks?

Mr. GRIFFIN. My own remarks.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. EVANS of Nevada. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting an able and instructive article upon land monopoly and its evils as discussed by Miss Anne Martin, a woman candidate for United States Senator, printed in Reconstruction.

The SPEAKER. The gentleman from Nevada asks unanimous consent to extend his remarks in the manner indicated. Is there objection?

Mr. SNELL. Mr. Speaker, I object.

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting a short speech by myself on the McFadden rural credit bill, H. R. 12678.

Mr. CLARK of Missouri. What is the speech about?

Mr. SNYDER. It is in relation to the McFadden rural credit bill and has to do with a new scheme for financing the products of farms.

Mr. CLARK of Missouri. Where was this speech made?

Mr. SNYDER. It has not been made; I have it here, and I am asking permission to insert it in the Record without delivering it.

The SPEAKER. The gentleman asks unanimous consent to extend his remarks in the Record on the rural credit bill. Is there objection? [After a pause.] The Chair hears none.

AGRICULTURAL APPROPRIATION BILL.

Mr. HAUGEN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 12272) making appropriations for the Department of Agriculture, to disagree to all Senate amendments, and agree to the conference asked.

The SPEAKER. The gentleman from Iowa asks unanimous consent to take from the Speaker's table the Agricultural appropriation bill, to disagree to all Senate amendments, and agree to the conference asked by the Senate.

Mr. CLARK of Missouri. Mr. Speaker, reserving the right to object, I wish to inquire of the gentleman how it happens they have only three conferees? The practice has been about that bill for years to have five. I think at one time it was seven.

Mr. WALSH. That is discretionary.

Mr. HAUGEN. The Senate determined on that number—

Mr. CLARK of Missouri. But the Senate has got nothing to do with the House.

Mr. HAUGEN. My recollection is that we have had three from each House—the practice has been to have the same number from each House.

Mr. CLARK of Missouri. The practice in the House has been for five, and at one time, for some reason which I have forgotten, there were seven appointed.

Mr. HAUGEN. Not on an Agricultural appropriation bill. I think that was on another matter.

Mr. WALSH. Will the gentleman from Iowa yield?

Mr. HAUGEN. Certainly.

Mr. WALSH. Of course, the distinguished gentleman from Missouri appreciates the fact that the House can not limit the discretion of the Chair in appointing conferees.

Mr. CLARK of Missouri. I know, but still I have the right to get some information if I could.

Mr. WALSH. Certainly; we have not appointed the conferees.

Mr. CLARK of Missouri. I know. I had a talk with the gentleman from Iowa here day before yesterday and he said there would be three appointed.

Mr. HAUGEN. No; I said the Senate had appointed three; that I did not know what the number would be appointed from the House, but I understood the practice is to appoint the same number from each House.

Mr. CLARK of Missouri. Does the gentleman think that because the Senate had appointed three we ought to appoint three?

Mr. HAUGEN. What does the gentleman think about it himself?

Mr. CLARK of Missouri. I think there ought to be five.

Mr. HAUGEN. Does the gentleman think one House ought to have five and the other side three? It is immaterial to me, of course.

Mr. CLARK of Missouri. I do not care what the other House does.

The SPEAKER. Is there objection?

Mr. RUBEY. Mr. Speaker, reserving the right to object—and I shall not object—I desire to ask the gentleman from Iowa in regard to two or three of these increases.

Mr. HAUGEN. Very well.

Mr. RUBEY. The Senate has increased the appropriations about \$2,370,000.

Mr. HAUGEN. No; the Senate has increased it \$2,470,407, but the gentleman is also aware that it cut a number of appropriations, as, for instance, the seed item of \$239,416 and others, which will bring the increases up close to \$3,000,000.

Mr. RUBEY. The net increase is something like \$2,370,000.

Mr. HAUGEN. Two million four hundred and seventy thousand four hundred and seven dollars.

Mr. RUBEY. Well, that being quite a large amount, we must remember that this is an Agricultural appropriation bill, which is an investment rather than an expenditure. I want to call attention to two or three increases made by the Senate. On page 105 we have an appropriation for the eradication of the corn borer; the Senate makes provision for \$500,000, \$250,000 of which shall be made immediately available. That is exactly what I asked for in the House when we were considering the bill in the Committee of the Whole. It went out, of course, on a point of order because of the \$250,000 made immediately available. Now, the committee agreed to my amendment for \$400,000 for that purpose, but it went out in the House on a vote, a very close vote at that, and I hope that the conferees will see their way clear to agree to this appropriation of \$500,000.

Mr. HAUGEN. My recollection is that the Committee of the Whole made it \$300,000, and it went out in the House. Now, my position is that we should either appropriate an adequate amount or not appropriate anything. So far as the \$250,000 is concerned, it does not go far enough. That is my individual view, but the conferees must necessarily represent the House.

Mr. RUBEY. When the gentleman says the committee made it \$300,000—

Mr. HAUGEN. That is my recollection.

Mr. RUBEY. The gentleman's recollection is not correct if he refers to the Agricultural Committee. The Committee of the Whole—

Mr. HAUGEN. I mean the Committee of the Whole.

Mr. RUBEY. The Committee of the Whole, at my suggestion, adopted my amendment of \$400,000. On a very close vote, with just a few votes difference, it went out, and it shows plainly that the House would have agreed to this amendment except for the fact of their desire to economize, and for the further reason that many of the Members were given to understand that the probabilities were that the Senate would take care of the situation. The Senate has taken care of it and has made this appropriation, and I sincerely hope that the conferees will agree to this appropriation, because I think it is very important. The spread of the corn borer will have a very disastrous effect upon the corn production of the country.

Mr. HAUGEN. The gentleman will recall that the matter was then pending before another committee, and for that reason the Committee on Agriculture did not give consideration or did not report on the proposition. It came up in the Committee of the Whole. Three hundred thousand dollars was agreed to. I opposed the amendment on the ground that if we appropriate any money whatever we should appropriate an adequate amount. I do not know what showing was made before the Senate. However, that is a matter that will have to be given consideration by the conferees.

Mr. RUBEY. Now, Mr. Speaker, if the gentleman will yield further, I would like to call his attention to the amendment on page 49. This is the amendment in regard to the grazing provision. The Committee on Agriculture, as the gentleman will remember, brought in in its bill a provision for appraising the grazing lands of the West, and it went out on a point of order. The amendment was finally worded differently and agreed to, and is found on page 49. This authorizes the Secretary of Agriculture to appraise the grazing lands in the forest reserve and make the appraisal the basis of the rates charged. That amendment will bring into the Treasury something like \$2,000,000 additional annually. Now, then, what I want to say is this, that the House agreed to that amendment; the Senate knocks it out. I want the gentleman to agree that before he will accede to the wishes of the Senate in regard to this matter he will give the House an opportunity to vote on it.

Mr. HAUGEN. The amendment referred to is a House provision, and it goes without saying that the House conferees will insist upon the House provisions staying in. Whether it can come back to the House or not I do not know. There are 282 amendments. All of them will have to be given consideration.

Mr. RUBEY. This is an important amendment. It means that it practically makes the Forest Service self-supporting if

this amendment is agreed to, and I sincerely hope that the gentleman will insist on House provision and come back to the House before he agrees to accede to the Senate in this regard.

Mr. HAUGEN. The House may determine whether it shall come back to the House before an agreement is reached. As the gentleman knows, I am in accord with his views on this grazing proposition.

Mr. LAZARO. Will the gentleman from Iowa yield?

Mr. HAUGEN. Certainly.

Mr. LAZARO. The Senate has adopted an amendment known as the Comer amendment, which deals with grades in cotton. I am not prepared to say whether it is a good or a bad amendment, but I do believe it is of sufficient importance to deserve careful consideration. Will the gentleman tell the House something about this amendment and whether or not the House will have a chance to consider it?

Mr. HAUGEN. A part of it is new matter. A part of it was reported by the House Committee on Agriculture. The last paragraph to the amendment is new matter, and a very important matter, and one that should receive very careful consideration before it is agreed to. I am not sure whether it should be adopted or not. I think that is a matter that should be largely determined by the parties interested. My opinion would be that Representatives from the cotton sections of the country should give us the benefit of their judgment and suggestions on the amendment.

Mr. LAZARO. The gentleman will admit that the people of this country and of the world are very much interested in the production of cotton, because it means whether or not the people shall have sufficient clothing.

Mr. HAUGEN. Certainly; but, after all, the Representatives coming from the cotton-producing States are more interested than others.

Mr. LAZARO. All I want to know is whether the gentleman will give the House a chance to consider it?

Mr. HAUGEN. If that is the wish of the House; if not, I should want to confer with other Members to ascertain what their desires are in the matter.

Mr. HUMPHREYS. Will the gentleman yield?

Mr. HAUGEN. Certainly.

Mr. HUMPHREYS. I agree with the gentleman that it is a very important matter. It was not considered in the Senate. The Record shows it had no consideration there. It has not had any consideration here. It is my opinion that the amendment ought not to be agreed to; but that is just the opinion of one man from a cotton State, and I hope, if I may express the hope, that the conferees will not agree to the Comer amendment.

Of course, the first paragraph, making the present law permanent, is all right, but I mean the latter part, known as the Comer amendment. It ought not to be agreed to unless it is thoroughly considered by one House or the other, and it is perfectly clear that it was not considered by the Senate, and the House has had no chance to consider it. I take it, and I express the hope, that the conferees will not agree to it.

Mr. HAUGEN. It is new legislation. It was subject to a point of order in the House and probably in the Senate. I believe it is generally agreed that no new legislation should be incorporated in the bill unless it clearly expresses the sentiment of the House.

Mr. GARD. Mr. Speaker, I demand the regular order.

The SPEAKER. The gentleman from Ohio demands the regular order. Is there objection to the request of the gentleman from Iowa [Mr. HAUGEN]?

Mr. HAUGEN. Will the gentleman withhold it for a moment?

Mr. GARD. I will withhold it.

Mr. YOUNG of Texas. I call the gentleman's attention to the cotton-futures amendment put in by the Senate.

Mr. HAUGEN. That matter went out on a point of order in the House.

Mr. YOUNG of Texas. This cotton-futures act, with this amendment, the first part, four or five lines, has been in operation not quite one year. The trade has been perfectly satisfied with it. Apparently we have at this time as good a regulation of these exchanges as we can expect to have, and it having been in operation only about a year, and giving satisfaction so far, it seems to me it would be very unwise to adopt the latter part, which is the Comer amendment, which is an untried affair and bound to affect not only the cotton producer but every dealer in cotton and every manufacturer of cotton goods. Coming from a cotton-producing State, I feel that this great industry should not be subjected to an experiment that has had no consideration from the other body and which has had none here, but we ought to allow the law that has existed to continue to operate, because otherwise nobody would know what would happen if we adopted this far-reaching policy known as the Comer amendment.

The SPEAKER. Is there objection?

Mr. MONDELL. Reserving the right to object, Mr. Speaker, the Senate has increased this bill something over two and a quarter million dollars.

Mr. HAUGEN. Two millions and a half.

Mr. MONDELL. Nearer two and one-half million, the gentleman from Iowa says. From a rather hurried examination of the bill, it would appear that about every amendment in the way of an increase and in the way of new legislation that anyone had in his mind, or had a disposition to offer, or did offer in the Senate was accepted. I have such confidence in the conferees on the part of the House that I shall not catechize them or ask them to give an expression of opinion in regard to these amendments and increases, but I do feel confident that these gentlemen realize the temper of the House in these matters. Ordinarily it is not wise to accept in the form of an amendment legislation on an appropriation bill, wise on otherwise; and the House, after careful consideration of this bill, brought it in with appropriations that a great majority here believed were quite sufficient for the work of the Agricultural Department.

The gentleman from Missouri [Mr. RUBEY] has referred to this expenditure as "an investment." Well, a large part of it is an investment in the services of gentlemen whose services are more or less questionable from the standpoint of any real substantial public service, and that is a kind of investment that at this time ought not to be popular. I am sure that the conferees will have that in mind, and will have in mind the temper of the House, desirous of holding these appropriations within reasonable limits, and not increase them simply because here and there some one may desire to have us embark upon some new and questionable and experimental enterprise. [Applause.]

The SPEAKER. Is there objection to the request of the gentleman from Iowa [Mr. HAUGEN]?

There was no objection; and the Speaker announced as the conferees on the part of the House Mr. HAUGEN, Mr. McLAUGHLIN of Michigan, and Mr. LEE of Georgia.

CALENDAR WEDNESDAY.

The SPEAKER. To-day is Calendar Wednesday. The Clerk will call the roll of committees.

The Committee on Banking and Currency was called.

AMENDMENT TO THE FEDERAL RESERVE ACT.

Mr. PLATT. Mr. Speaker, I call up House bill 12711.

The SPEAKER. The gentleman from New York [Mr. PLATT], from the Committee on Banking and Currency, calls up House bill 12711. This bill is on the Union Calendar; and the House automatically resolves itself into Committee of the Whole House on the state of the Union, and the gentleman from New York [Mr. SANFORD] will please take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 12711) to amend the act approved December 23, 1913, known as the Federal reserve act, with Mr. SANFORD in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 12711, which the Clerk will report.

The Clerk read as follows:

Be it enacted, etc., That section 14 of the Federal reserve act, as amended by the acts approved September 7, 1916, and June 21, 1917, be further amended by striking out the semicolon after the word "business" at the end of subparagraph (d) and insert in lieu thereof the following: "and which, subject to the approval, review, and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the rediscount and discount accommodations extended by the Federal reserve bank to the borrowing bank."

Mr. PLATT. Mr. Chairman and gentlemen, this is a bill to provide a means of checking inflation—the inflation or expansion which has come about through the too great use of the rediscounting privileges of the Federal reserve system. The bill is very short. It adds only five lines to section 14 of the Federal reserve act, the section which defines the powers of the Federal reserve banks. One of those powers is "to establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view to accommodating commerce and business." It seems to me it was unnecessary to put such a provision in the law, for the Federal reserve banks would naturally have had such power anyway, as all banks possess it, whether expressly granted or not; but being in the law, it seems to be limiting and to deprive the Federal reserve banks of a power which commercial banks possess at least to a certain degree, namely, of asking a higher discount rate from borrowers whose demands are greater than a normal amount. Commercial banks are not allowed to loan an amount greater than 10 per cent of their capital and surplus to

any one borrower unless the loan is secured by shipping documents or warehouse receipts representing commodities in process of marketing, but within that limit and within the limits of the usury laws they have the right to charge one borrower a higher rate than another if they think the circumstances warrant it. This bill gives the Federal reserve banks this right, but through uniform rules applying to all member banks without discrimination or favor. It provides that the rates of discount "may be graduated or progressed on the basis of the amount of rediscount and discount accommodations extended by the Federal reserve bank to the borrowing bank."

The suggestion for this amendment came from the annual report of the Federal Reserve Board, which discusses the subject of expansion of credit at some length and states that it must be checked, but "with careful regard to the economic welfare of the country and the needs of its producing industries."

Some banks, generally in the big cities and frequently also where there is a good deal of speculation, have rediscounted far beyond the rediscounts of the average member banks.

In fact, if all banks of each district should ask the accommodations that a few have persistently demanded it would be impossible to meet the demand. The directors of each Federal reserve bank are by section 4 of the act required "to extend to each member bank such discounts, advances, and accommodations as may be safely and reasonably made with due regard for the claims of other member banks."

Now I yield to my colleague from Peekskill.

Mr. HUSTED. I would like to ask the gentleman if this amendment would empower the Federal Reserve Board to discriminate between different banks in the amount of accommodation by way of rediscount or discount that the Federal Reserve Board extended to the member bank?

Mr. PLATT. Only by rules and regulations applying equally and uniformly to all of them.

Mr. HUSTED. Does not the gentleman think that those regulations should be set out in the bill and not left to the discretion of the Federal Reserve Board?

Mr. PLATT. I do not think so, and for this reason: Before the Federal reserve act was passed no national bank could rediscount or become indebted to a greater amount than its capital—section 5202, Revised Statutes. When the Federal reserve act was before the House in 1913 the point was originally overlooked, but it was soon discovered that such a limit would destroy its purposes, because very often a bank having large deposits would have to rediscount beyond the amount of its capital and surplus, and so an amendment was offered on the floor which made an exception of obligations incurred under the provisions of the Federal reserve act. There were other exceptions as to the indebtedness of the bank. For instance, deposits were not regarded as indebtedness under the limitation.

Mr. HUSTED. However good that purpose may be, I do not think we should empower the Federal Reserve Board to discriminate in these matters between different member banks, because that is a power which could be grossly abused.

Mr. PLATT. I have not fully answered the gentleman's question yet. When we passed the Federal reserve act with that amendment in it there was no limit left on the amount to which a bank could rediscount. It could rediscount ten times its capital and surplus if the Federal Reserve Board would allow that to be done. Now, we propose to allow the Federal reserve banks in each district to fix a limit or line of discount, perhaps, in proportion to the capital and surplus, and allow member banks to borrow at the published rates up to that line; but if they go higher than that they shall pay a slight increase on the excess above that line.

Mr. WINGO. There was so much confusion in front of me and to the right of me and to the left of me and behind me that I could not hear the answer which the gentleman made. Do I understand that the gentleman from New York [Mr. HUSTED] asked if it was possible for the Federal Reserve Board to make a difference in the amount that two different banks might have in the way of rediscounts? Take, for illustration, two banks having the same capital stock and the same surplus. Is it the idea that the Federal Reserve Board might grant a rediscount limit of \$50,000 to one and \$100,000 to the other?

Mr. HUSTED. That is the idea, exactly.

Mr. PLATT. No; two banks having exactly the same deposits and the same capital and surplus—

Mr. WINGO. Let us assume, then, that two banks have the same deposits, the same capital stock, and the same surplus, but under different conditions in different parts of the country. What would be the gentleman's interpretation of the language in such a case as that?

Mr. PLATT. Necessarily the Federal reserve bank would have to treat them exactly alike if they had the same capital

and the same surplus and the same deposits and were in the same district; there would be no possible way by which they could be treated differently. The rule must apply equally and ratably to all banks in the same district having the same capital, surplus, and deposits. They would be treated exactly the same.

Mr. HUSTED. The bill does not say so.

Mr. PLATT. Unless one was situated in a reserve city and the other in the country, when the city bank would have a little larger reserve with the Federal reserve bank and possibly might be given a larger limit, if the line of credits should be based on reserve requirements.

Mr. MADDEN. Will the gentleman yield?

Mr. PLATT. I yield to the gentleman from Illinois.

Mr. MADDEN. My understanding of the Federal reserve act as it exists now is that the Federal Reserve Board has the power under the law to fix a discount rate, which must be uniform within the region.

Mr. PLATT. On each class of paper; yes.

Mr. MADDEN. That there is a uniform discount rate within a certain region; that is, they have one uniform rate on the Pacific coast.

Mr. PLATT. On each class of paper; yes.

Mr. MADDEN. But what they do is applicable to everybody within the region.

Mr. PLATT. Yes; exactly.

Mr. MADDEN. And it must be uniform?

Mr. PLATT. It must be uniform for each class of paper.

Mr. MADDEN. Now, as I understand it, this bill provides for so amending the law as to authorize the Federal Reserve Board to make a regulation—

Mr. PLATT. The Federal reserve banks of each district.

Mr. MADDEN. The Federal Reserve Board, through the Federal reserve bank, which is the same thing.

Mr. PLATT. The board is to supervise it.

Mr. MADDEN. By approval of the board, which is the same as giving the board the power to make the regulations. Now, this will give the Federal Reserve Board the power, through the Federal reserve bank, to say that any bank within a certain region shall be given a limit of credit for rediscount.

Mr. PLATT. That is the idea.

Mr. MADDEN. And that does not exist to-day.

Mr. PLATT. I do not know whether it does or not. Some lawyers think it does.

Mr. WINGO. If the gentleman from New York will permit—

Mr. PLATT. This makes it clear that it does.

Mr. MADDEN. Let me make my statement. I do not want to be interrupted. Then the gentleman can give his side of it.

Mr. WINGO. I am not giving any side of it. The gentleman from New York is stating what the law is and I want to suggest one provision he, I fear, has overlooked.

Mr. MADDEN. Then, under the regulations that this bill authorizes the Federal reserve banks to make, if a bank within the region wants to borrow more than the limit fixed for its credit, say, twice as much, or 25 per cent more, the Federal reserve bank can say that for that additional amount sought to be rediscounted they must pay an additional discount rate, and that puts it within the power of the Federal Reserve Board to play favorites.

Mr. PLATT. Oh, no.

Mr. MADDEN. Anywhere in the United States, and, in my judgment, there ought not to be any such power given.

Mr. PLATT. Absolutely not. They must make uniform rates applying to all banks equally and ratably.

Mr. MADDEN. Yes; but they can give the right to rediscount more than the limit, and this gives them the right to fix a limit.

Mr. PLATT. There is no limit assigned now.

Mr. MADDEN. But this gives them the right to make a limit.

Mr. PLATT. But they have the right now to shut off absolutely on a bank.

Mr. MADDEN. They would still have the right to refuse and play favorites.

Mr. PLATT. No; there is no chance to play favorites.

Mr. WINGO. If the gentleman will yield, in view of the statement about the law, will the gentleman permit me to read a few lines from the now existing law?

Mr. PLATT. Certainly.

Mr. WINGO (reading)—

To establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view to accommodating commerce and business.

Mr. MADDEN. That is what I said, with a view to accommodating commerce and business, and the gentleman has not stated anything different.

Mr. WINGO. I think the gentleman did not intend to say what he did. He said it would give the Federal Reserve Board a right that they have not now. They have the right now—

Mr. MADDEN. The gentleman has not repeated what I said. I said they would now have, under this bill, a right by regulation that now exists under the law, and they would be the body to fix the law instead of Congress. That is what I said and what I say now.

Mr. WINGO. The gentleman is talking about one statement that he made and I am talking about the first one that he made. If the gentleman will permit, under the law now they can shut them off entirely. They can now fix, if they want to, a rate of discount uniform solely as to the class of paper. They can say to one bank we will take all of that paper that you want to rediscount and say to another bank they shall not have any at all.

Mr. SNYDER. Will the gentleman yield?

Mr. PLATT. Yes.

Mr. SNYDER. I would like to ask the gentleman from Arkansas under what conditions the Federal reserve banks can to-day refuse to discount all the paper that any commercial bank desires to send it or commercial paper or trade acceptances?

Mr. WINGO. The Federal Reserve Board? The Federal reserve banks are owned by the banks. They have directors, and the Government has supervisory control. The experience of the banks has been that the wishes of the Government and the selfish interests of the banks themselves have had a tendency to keep down speculation, as we have found in the past, and there is no limitation except by raising the discount rate, and that sometimes works hardships.

Mr. SNYDER. The gentleman knows there are several kinds of paper which the Federal reserve banks take and some that they can not take at all, but there is no limitation on the bank, as a member of the Federal reserve bank, as to certain kinds of paper it can take. The only way they could be limited would be to have some regulation such as proposed in this bill, so that a Federal reserve bank could say to banks of some sections of the country, "We will take what paper you have," and to another section of the country, where it would be needed, "We will not take any of your paper." This bill would give them the power.

Mr. PLATT. They have the power now.

Mr. SNYDER. If they have, they never dared to use it. The only reason now that they want it is because the Federal barrel is full, and they want a new arrangement, so they can stifle business by cutting down in certain sections of the country where money is needed and putting it somewhere else. Unless this bill is well explained and it is demonstrated that it has not given the power to the Federal Reserve Board to crush out industries in one section and plant them in another, the bill ought to be killed.

Mr. PLATT. The Federal reserve bank has got the power now to refuse discounts. It has the power to say to a bank that wants rediscount, you have got all you are entitled to. They have gone to New York City to some banks and told them that they could not have another cent. It is drastic. We do not want to have it so drastic. We want them to have a chance, so that they can say, "Yes, you can have a little more, but you must pay a little more"; so that they can go to their customers and hold them down as to speculative and unnecessary loans.

Mr. SNYDER. No one objects to that, if the Federal bank desires to curtail a man's rediscount by raising the rate in a certain zone. That is all right, if you use them all alike.

Mr. PLATT. That is what this bill does, and it plays no favorites.

Mr. McKEOWN. Will the gentleman yield?

Mr. PLATT. Yes.

Mr. McKEOWN. I understand the purpose of the act is to prevent the use of speculative schemes and to escape the great danger of speculation.

Mr. PLATT. That is one of its purposes. The large loans, the great rediscounts, come from banks that have connection with speculative centers frequently.

Mr. McKEOWN. Does the gentleman have any information that some of the interior banks in the country send deposits over to New York to be loaned on call while they were reducing loans in the local communities?

Mr. PLATT. That probably has been done, but I do not think to any large extent.

Mr. McKEOWN. In trying to curb speculation, is not the danger where an emergency should arise in some particular banking district because of great need for money? The money

is badly needed, and you will cause them to be deprived of these loans in order to try to remedy something that might exist in some other part of the country.

Mr. PLATT. Just the contrary. We do not want to be compelled to shut down on loans completely. That is why we are passing this bill.

Mr. SNYDER. If that is the reason for it, and the gentleman admits that the bank has the power to do it now, then there is no occasion for this legislation. Some of us believe that this does exactly the thing the gentleman says it does not do, and if the Federal Reserve Board now has the power to do the thing the gentleman says it has this will give them the legal or fixed right to do, what is the use of it?

Mr. PLATT. The Federal Reserve Board attorneys think it is doubtful whether they have this power now, and the board does not like to use powers about which there may be a doubt.

Mr. BLACK. Mr. Chairman, will the gentleman permit me to cite a short concrete case?

Mr. PLATT. I think I would better finish my statement, then the gentleman can ask any question he desires.

Mr. BLACK. If the gentleman will permit a very brief question, I am sure that it will clear up what the gentleman has in mind.

Mr. PLATT. Very well.

Mr. BLACK. If I understand the present law, if the Federal reserve bank wants to rediscount, we will say, agricultural paper of a certain class, it may fix a rediscount rate of 6 per cent.

Mr. PLATT. Yes.

Mr. BLACK. But that rate continues regardless of how much a member bank may borrow. If it is \$1,000,000, the rate will be 6 per cent, and the same rate would apply if it was only \$200,000.

Mr. PLATT. Exactly.

Mr. BLACK. If I understand the meaning of this bill, it is to allow the Federal reserve bank to fix what is called a graduated rate.

Mr. PLATT. On rediscounts above a certain line.

Mr. BLACK. So that it might announce to the member banks that hereafter there would be a 6 per cent discount rate on a certain class of agricultural paper, up to a certain percentage of the bank's borrowing capacity, a certain percentage of loans, and that then over that it shall be 8 per cent, and that over a certain amount it shall be 10 per cent. I understand that to be what the graduated plan means.

Mr. PLATT. The idea, of course, would be to raise it in quarter and half percentages.

Mr. BLACK. I am not intending that that shall be an exact illustration of what could be done, but that would illustrate the principle. The trouble now is that if you advance the rediscount rate you have got to advance it to all alike, and thereby penalize productive industry by making the interest rates too high.

Mr. PLATT. Exactly. You have to penalize small banks, or average banks, which have not discounted up to their line in order to curb the few banks that have gone above it.

Mr. BLACK. Yes; and the whole question of interest enters into it. The purpose of the amendment is to fix this graduated rediscount rate so that the man who has done only a reasonable amount will not be penalized by reason of the present law.

Mr. PLATT. That is the idea.

Mr. OSBORNE. Mr. Chairman, will the gentleman yield?

Mr. PLATT. I think I better not yield now. The gentleman can ask his questions after I am through with my statement.

Now, having "due regard for the claims of other member banks," the Federal reserve bank directors may refuse further loans to a bank which has asked very much greater accommodations than other banks, and that power has been exercised, but it is rather drastic, and it would often be better if additional accommodations could be extended, but at an advancing rate, which would make certain that the loan would not be continued longer than needed. Without such a means of checking expansion, where checking is most needed, the Federal reserve banks can only raise rates on all member banks in order to get at a few, and that seems hardly fair to the great majority of member banks which have not rediscounted anywhere near the limit which would be set for the normal rates. The idea is that normal maximum rediscount lines will be determined by a rule applying to all member banks in a district alike, and that the graduated rates will apply equally and ratably to all member banks rediscounting in excess of that line.

I think not many people will attempt to deny the necessity of checking expansion or inflation wherever it can be done without harming productive industry. A good deal of the most excessive borrowings are doubtless used for financing specula-

tion or for new ventures that are of doubtful economic value to the people at such a time of stress as this. Our gold reserves are at a dangerously low ebb, and the Federal Reserve Bank of New York has several times been below or right down at its legal requirement. The demand for credit continues beyond expectation and perhaps beyond reason—at any rate beyond the limits of safety. It must be held in check if we are to get through the critical period without serious trouble.

I am not disposed to criticize the methods by which the present expansion came about, through rediscount rates on Government war paper lower than the bond-interest rates, so that member banks had an inducement to rediscount, for I do not see how the enormous war loans could have been floated in any other way. The great bond issues and the high taxation applying only to certain classes brought about the present inflation and did not serve to check expenditure after the close of the war. In one campaign, that of the fourth Liberty loan, we sold bonds equal to the total amount of currency in the country of all kinds—gold, silver, greenbacks, Federal reserve notes, and bank notes. It was only possible to do this by borrowing and rediscounting and spreading the issue over some months through the previously issued Treasury certificates. The bonds are not all paid for yet by the people who bought them, and the banks are loaded with them, tying up funds which they would otherwise have free to loan. On top of that came the Victory notes, and if we should have another big bond issue no one could tell what would happen.

What people fail to realize is that the critical financial period comes after a war is over—generally more than a year afterwards. Look at the chaos in Europe. Read Fisk's Critical Period of American History or, better yet, the first two volumes of Beveridge's Life of John Marshall for the period following the Revolution.

The trouble is that people do not understand the seriousness of the situation. The war is over, the soldiers coming home. Everybody is rejoicing, money seems plentiful, and business is booming.

The war economies are thrown aside. Are not the high war prices soon to be reduced? Are not the war taxes soon to come down? It is natural that people should feel that they can spend freely again, but it does infinite harm. The tremendous expenses of the war can not be stopped at once. The war industries must be eased down to avoid widespread bankruptcy and the men employed in them must be given a fair chance to find other employment. The peak of the Civil War debt was not reached until August, 1866, more than a year after the war was over, and the greatest depreciation of the greenbacks came considerably later. The peak of the debt of this war was apparently reached a few months ago, about a year after the armistice, but we have scarcely yet been able to pay off any appreciable amount of the great floating debt represented by Treasury certificates. Until that is substantially reduced the country can not feel safe.

We are far better off than the countries of Europe. Our currency is on a gold basis, and since last May we have been sending gold in large amounts to South America and to the Orient to pay our debts; but we have been at the same time selling to Europe on credit and are only just now beginning to receive some small payments in gold. No payments commensurate with the enormous debt Europe owes us can be expected for some years.

We are at the critical period financially right now and everything depends upon whether we can check speculation and unnecessary expansion and can gradually bring our banking conditions to a normal basis. This bill offers a means to that end and should be passed.

Mr. SNYDER. Mr. Chairman, will the gentleman yield for a question?

Mr. PLATT. Certainly.

Mr. SNYDER. The gentleman understands, of course, that in the State of New York a rate higher than 6 per cent for commercial and business paper would be usury?

Mr. PLATT. Yes.

Mr. SNYDER. That is, a bank can not charge over 6 per cent.

Mr. PLATT. That is the law, as I remember it.

Mr. SNYDER. Suppose in the gentleman's town his banks could loan up to their 8 per cent reserve and the Federal reserve banks should say to the gentleman's bankers, "Your rate from to-morrow on is 7 per cent for rediscount," how much paper does the gentleman think the bank could take in under such a condition as that?

Mr. PLATT. Of course, that probably would not be done, but it might be done.

Mr. SNYDER. The Federal reserve bank is charging 6 per cent for rediscount now, which is the full rate which we can charge for commercial paper.

Mr. PLATT. The gentleman must know that that is the unfailing practice of all central banks in Europe, like the Bank of England, to charge a higher rediscount rate than the commercial rate. You do not want to induce banks to rediscount. That must be something to which they will resort only when they really need to. There should be no actual profit in it.

Mr. SNYDER. I must say that that is an entirely new theory and policy.

Mr. PLATT. That is the uniform practice of every central banking institution.

Mr. SNYDER. So that the gentleman's bank in Poughkeepsie, if he desires to rediscount, must pay a premium for doing so?

Mr. PLATT. It should do so.

Mr. SNYDER. If this bill the gentleman is presenting here gives the right to do it, I am more against it than I was before.

Mr. PLATT. The right exists now, and the board intends to exercise it when it gets a chance, as you will see from reading its reports.

Mr. HUSTED. Will the gentleman yield?

Mr. PLATT. I will.

Mr. HUSTED. I would like to ask the gentleman, in order to satisfy those of us who believe that discrimination can be practiced under the provisions of this bill as drawn, whether he would agree to an amendment to insert the word "uniformly" before the word "graduated" in line 9? I am convinced that discrimination can be practiced under this bill as it has been drawn, and I think it could be safeguarded.

Mr. PLATT. That is fully covered in other parts of the Federal reserve act.

Mr. HUSTED. This is an amendment which is not in here.

Mr. PLATT. Well, I will consider that when the time comes for amendment. I do not believe that it would do much harm for it is fully covered by the law—section 4, I believe.

Mr. OSBORNE. Will the gentleman yield?

Mr. PLATT. I will.

Mr. OSBORNE. Referring to this very matter of uniformity in the treatment of banks, the illustration was made by one gentleman who preceded me of two banks of the same capitalization and the same amount of surplus, uniformity of treatment requiring that they should receive exactly the same consideration in extent of discounts. My inquiry is this, Whether uniformity in treatment might not involve certain other questions—the question of the business of the two banks, the nature of their business—which would be ample reason for preventing the Federal reserve banks from giving the same amount of accommodation to one bank which properly they might give to another?

Mr. PLATT. That might happen. One bank might have business which was largely speculative and they might shut down on further loans to it. They have that right now.

Mr. MACCRATE. Will the gentleman yield?

Mr. PLATT. I will.

Mr. MACCRATE. Would it be possible to limit this bill so that it would not cover discounts already made if they are to be renewed? For instance, a great many banks encouraged their depositors to buy Liberty bonds, and they guaranteed to carry those Liberty bonds for 80 or 90 per cent for a certain period. Now, if they find that the Federal reserve discount rate is being raised they must go to their borrowers, whom they have encouraged to buy these Liberty bonds, and say, "We are sorry, but our rate has been raised, and therefore we will have to raise your rate." Some of the banks who have encouraged their depositors to buy these Liberty bonds might find that they are losing depositors because they can not keep their guaranty—

Mr. PLATT. They can keep it if the rate should be the same.

Mr. MACCRATE. But would it be possible to provide that it should not attach to discounts heretofore made if they should be renewed?

Mr. PLATT. No, I think not; because the people ought to pay for their bonds, and many people will not pay as long as they can borrow on bonds more cheaply than on other security. The smaller purchasers of Liberty bonds have taken care of their bonds long ago or sold them. You can go into most any bank and can not find any fifty or hundred dollar bonds coming in now. They have been paid for long ago or sold.

Mr. MACCRATE. Some of the large banks hold those bonds to the extent of millions of dollars.

Mr. PLATT. People ought to pay for their bonds instead of spending their money for luxuries. The collateral bond rate ought not to be lower than the commercial rate. That is the very cause of inflation or expansion.

Mr. MACCRATE. As a matter of fact, banks that encouraged depositors to buy Liberty bonds may find their efforts have hurt their credit with the Federal reserve.

Mr. PLATT. Their guaranty to the purchaser of the Liberty bond which was extended has already expired. Now, does the gentleman from Massachusetts want some time?

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. BACHARACH having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed with amendments the bill (H. R. 11578) making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1921, and for other purposes; had requested a conference with the House of Representatives and had appointed Mr. STERLING, Mr. TOWNSEND, Mr. PHIPPS, Mr. BECKHAM, and Mr. HENDERSON as the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 2528. An act to grant certain lands to the city of Pocatello, State of Idaho, for conserving and protecting the source of its water supply and as a municipal park site.

The message also announced that the Senate had passed the following order:

Ordered, That in accordance with paragraph 3 of Rule I Mr. CURTIS, a Senator from the State of Kansas, heretofore designated in writing by the President pro tempore to perform the duties of the Chair from day to day be authorized to perform such duties during the present absence of the President pro tempore.

The message also announced that the Senate had passed joint resolution (S. J. Res. 180) authorizing the Secretary of War to turn over to agricultural fertilizer distributors or users a supply of nitrate of soda, in which the concurrence of the House of Representatives was requested.

AMENDMENT TO THE FEDERAL RESERVE ACT.

The committee resumed its session.

Mr. PHELAN. Mr. Chairman, am I entitled to an hour?

The CHAIRMAN. The opposition is entitled to an hour.

Mr. PHELAN. I will ask for that time, Mr. Chairman.

Mr. PLATT. How much time have I used?

The CHAIRMAN. The gentleman from New York has used 37 minutes.

Mr. PLATT. I reserve the balance of my time.

Mr. PHELAN. If nobody else wants it I would like to have that time.

The CHAIRMAN. The gentleman from Massachusetts.

Mr. PHELAN. I yield 15 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman, a good deal has been said already about this providing for discrimination. I will call the attention of the gentleman, and especially the gentleman from New York who apprehended that, that section 4 of the bill absolutely prohibits that, referring to the board of directors of the Federal reserve bank of any region. It says:

That said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks, and shall, subject to the provisions of the law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements, and accommodations as could safely and reasonably be made with due regard for the claims and demands of other member banks.

That settles the question, and it is provided that they must provide for one as well as for another. They can not provide for one bank and not as to another. Now, why is this proposition brought forward? I can show you very quickly why it is brought forward. If you will look at the condition that existed about last January you will see that there was borrowed at the Federal reserve banks of the United States \$6,241,000,000. Now, of that there was borrowed from the Federal reserve banks in the city of New York \$3,454,000,000 and there was borrowed from the bank in Philadelphia \$647,000,000, leaving out that area there was only \$2,139,000,000 borrowed from all the rest of the banks in the United States. Well, now let us look for a minute a little further. That was borrowed on paper secured by United States security, \$5,245,000,000 of it, and nearly all of it was borrowed in those cities on that paper. What is the result? Why, those banks got to where their gold reserve was not sufficient for the Federal reserve notes they had out and the Federal Reserve Board ordered an increase of the discount rates in order that they might stop speculation and the over-borrowing that was being done in certain quarters. And what was the result? They had to put up the discount rates on every bank, on every farmer, and on every man in this country that borrowed.

Mr. HUSTED. Will the gentleman yield?

Mr. STEVENSON. In one minute. I want to finish this statement.

This was the rate they prescribed: Certificates of indebtedness of the United States, 4½ per cent; notes secured by Liberty bonds, 5½ per cent; bank acceptances, 5 per cent; commercial paper of all kinds, 6 per cent; agricultural paper, 6 per cent. And at that time the agricultural districts were borrowing very little money, and there was no sense in the world in making them pay 6 per cent, and they could have gotten money out of the Federal reserve banks at 4½ per cent but for the fact that one or two institutions were borrowing eight, or ten, or twelve times their capital stock and surplus from the Federal banks in these centers, and the result was they were being sent to the Federal reserve banks all over the United States to get the money.

Mr. HUSTED. I would like to ask the gentleman if a very large part of this borrowing in New York City and Philadelphia, to which he refers, was not for the purpose of purchasing certificates of indebtedness from the Government of the United States in order to aid the Government?

Mr. STEVENSON. Let us see about that.

Mr. HUSTED. That is where they were sold.

Mr. STEVENSON. There was discounted in New York three billion and more, and there was only \$85,000,000 of customers' paper. Eighty-five million dollars was discounted by the local banks for their customers on the United States paper attached and then rediscounted. The balance of it, \$2,980,000,000, secured by United States bonds and other paper of that kind, was discounted directly by the banks.

Mr. SNYDER. What I am interested in having the gentleman tell us is how much of that \$2,800,000,000 was made up of certificates of indebtedness of the United States?

Mr. STEVENSON. I do not know; but there was so much that the Federal Reserve Board came up and said, "Here is a speculative era, and we are going to stop it," and they put up the discount rates, and they stopped it to a considerable extent. They got an excess over their gold reserve, and what was the result? They went to the Federal reserve bank at Atlanta, in an agricultural district; at Dallas, in an agricultural and stock district; at Kansas City, in an agricultural and stock-raising district; in Minneapolis, an agricultural district; in Chicago, which deals with the agricultural interests; to Cleveland and Boston, and they borrowed \$115,000,000 from those centers, and there had to be something done to stop it, and that rate was put up. They are now reducing those things; but the proposition is simply this: Are you going to allow a few money centers, a few large banks, to have all the money the Federal reserve banks can issue, and then leave nothing for the rest of the country, for the agriculture of this country, and then, when you want to stop it, put up the rate on commerce and agriculture in order to put the rate up on the speculator? That is the proposition.

Mr. MADDEN. Will the gentleman yield?

Mr. STEVENSON. Yes, sir.

Mr. MADDEN. If the Government was unable to finance this three billion of a deficit which it is now carrying in certificates of indebtedness, what would happen?

Mr. STEVENSON. The Government would default. That is what would happen. I do not think the gentleman needs any opinion from me in order to know that.

Mr. MADDEN. The gentleman knows the Government could not finance its own certificates of indebtedness, but had to borrow the money somewhere?

Mr. STEVENSON. To be sure.

Mr. MADDEN. And then the discount was made at the place where the Government was compelled to borrow?

Mr. STEVENSON. The gentleman will agree with me that the rate of discount was raised by the Federal reserve banks, not because they were securing certificates of indebtedness, but because they were milking this country in order to furnish the speculator that money and to loan on call, and that was what the Federal Reserve Board said had to be stopped. What was the result? It resulted in people who wanted to borrow on the agricultural paper paying 6 per cent and people in Minnesota and South Carolina paying it, when there was no necessity for it. That is what it resulted in. This proposition proposes to regulate that, so that there will be justice between the different banks.

There is another thing I want to call your attention to in relation to that. When they exceeded their gold reserve in issuing Federal reserve notes in New York and went to borrow from the country, what was the result? If that is allowed to go on indefinitely they will borrow at Atlanta until it gets to the gold-reserve limit, and then at Dallas and at Kansas City,

the same thing, and at Chicago and Minneapolis, and at St. Louis and Cleveland and Boston, and pretty soon they will get the money in this country loaned up in one bunch over here, loaned up to where there is not a Federal reserve bank in the United States can issue another note, and then what will become of the Government's certificates of indebtedness? Where will the money come from to finance them when you get to the point where one set of banks has gotten all the money in this country? There is no escape from it.

What is this proposition? It is simply this: The directors of the Federal reserve banks of the fifth district will say, "If you want paper, if you want money, you can get it up to, say, 100 per cent of your capital and surplus at the minimum rate of 4½ per cent. If you want to get up to 125 per cent of your capital and surplus, we will put it up to 5 per cent. Now, is not that fair? Shall the bank that only borrows a little be penalized and put up to a higher rate because some other fellow wants to borrow it all?"

Mr. HUSTED. Is it the purpose of this bill to stop margin speculation? Is that the real purpose?

Mr. STEVENSON. No, sir. The purpose is to prevent any one banking institution from absorbing all or the majority of the capital of any reserve bank, to the exclusion of the other banks in that region, without its being penalized. It is to make them deal justly, and you will notice the very section we are amending says that they shall have regard to the needs of commerce in fixing their rates of discount.

Section 4, that I quoted awhile ago, says there shall not be any discrimination as between banks. Well, if you let one bank borrow 300 per cent of its capital and surplus—and some have borrowed ten times their capital and surplus, as I am informed—if they make a profit on ten times their capital and surplus should they not pay a little more for the privilege? And should we not write into the law a provision that will make it a little less expensive for the bank that borrows only 50 per cent of its capital and surplus?

Mr. HUSTED. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. HUSTED. I know many banks in New York State have borrowed heavily from the Federal reserve banks in order to assist the Government in floating its loans. They did not have the money and they had to borrow it from the banks. Now, if it is the proposition of the gentleman to force those banks to liquidate their loans when they put up their money to patriotically aid the Government, then I say that this bill, instead of working justice, would work very gross injustice.

Mr. STEVENSON. If you take the gentleman's argument, the more money the bank borrows and the less it leaves for the other fellow, the less it ought to pay. That is his proposition, whereas it is the other way. The less a bank borrows the cheaper the rate it ought to have, and that is the rule in all the banking concerns that ever I have been connected with, that the man whose credit is good and who does not borrow very largely always gets the cheapest rate. That is a business proposition. But you do not put in any discrimination at all. Discrimination is prohibited. All those borrowing within the same limit get the same rate.

Now, what is the situation to-day? The farmers of the South are making their loans to-day. They are making them under this rate and it had to be put high. They are making them under a rate that had to be put up, so the Federal Reserve Board said—and said it unanimously—to stop speculation. They are making them on the basis of the banks having to pay the Federal reserve bank 6 per cent interest. The Federal Reserve Board will tell you that if it was not for this situation they could get it for 4½ per cent.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. PLATT. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. DUNBAR].

The CHAIRMAN. The gentleman from Indiana is recognized for 10 minutes.

Mr. DUNBAR. Mr. Chairman and gentlemen of the House, the inflation of our national currency, due to the issue of Federal reserve notes, has been increasing to an extent not fully realized and continues to increase with steady progress not calculated to enable the regional reserve banks to serve in times of threatened financial and industrial panics the purpose for which they were intended.

The financial and circulation statements issued by the Secretary of the Treasury reveal:

The inflation of currency during the last six months to have been an increase in Federal reserve notes of \$490,380,835, a decrease in our gold supply of \$223,960,125, and of silver money

\$28,159,623, making a progress toward currency on a paper basis as follows:

Increase of Federal reserve notes.....	\$490,380,835
Loss of gold.....	223,960,125
Loss of silver.....	28,159,623
Total.....	742,500,583

Should the same financial operations continue for the next six months we shall in a year's time from September 1, 1919, to September 1, 1920, have inflated the circulating medium on a paper basis of approximately \$1,500,000,000. The increase has been with almost uninterrupted continuity, evidenced as follows:

Federal reserve notes Mar. 1, 1920.....	\$3,255,213,250
Federal reserve notes Sept. 1, 1919.....	2,764,832,415

There was an increase in the issuance of Federal reserve notes in five of the months and a decrease in one month from September, 1919, to February, 1920, inclusive, as follows:

	Increase.	Decrease.
September, 1919.....	\$121,456,100	
October, 1919.....	72,411,860	
November, 1919.....	100,951,625	
December, 1919.....	236,137,145	
January, 1920.....		\$169,903,870
February, 1920.....	129,327,975	
Net increase.....		490,380,835
Total.....	660,284,705	660,284,705

During the present month the increase in the issuance of Federal reserve notes to March 25 amounts to \$37,605,000, although in the same time there has been a decrease in Federal reserve bank notes of \$28,396,000, but an increase during the fiscal year of \$21,800,000.

The inflation of the currency since July 1, 1918, has been as follows:

Federal reserve notes, Mar. 1, 1920.....	\$3,255,213,250
Federal reserve notes, July 1, 1918.....	1,847,580,445

Increase in 20 months..... 1,407,632,805

Our supply of gold and silver bullion and coin has been depleted as follows:

GOLD.	
July 1, 1918.....	\$3,076,482,515
Mar. 1, 1920.....	2,720,767,607

Decrease in 20 months..... 355,714,908

SILVER.	
July 1, 1918.....	731,832,323
Mar. 1, 1920.....	551,333,776

Decrease in 20 months..... 180,498,547

From July 1, 1918, until July 1, 1919, there was an increase in the Nation's gold resources, but the decrease since the beginning of the fiscal year amounts to \$374,309,861.

The circulating medium as of July 1 and March 1, 1919, was as follows:

	Paper.	Specie.	Total.
Mar. 1, 1920.....	\$4,562,369,841	\$3,243,941,959	\$7,806,311,800
July 1, 1919.....	3,941,181,713	3,647,292,058	7,588,473,771
	621,188,128	—403,350,099	217,838,029

More than \$567,000,000 of the above increase noted in paper was issued by the Federal Reserve Board.

According to Bulletin No. 32, under date of March 26, 1920, published by the United States Council of National Defense, the Federal Reserve Board has quoted that the export of gold from the United States for the first 10 days of March, 1920, amounted to \$28,316,952, and the imports only \$8,010,354, showing a loss of gold for the first 10 days of March amounting to \$20,306,598. The board also announces that since January 1, 1920, the export of gold amounts to \$119,182,202 and the imports to \$28,316,953, resulting in an exhaustion of our gold supply amounting to \$90,865,249.

Our present monetary condition is, I believe, cause for the gravest concern. Contemplation of these figures, taken from governmental reports, reveals a large expansion in the inflation of currency on a paper basis. Unfortunately this inflation continues to-day, and if present conditions continue to prevail in the future we can not see the end, unless the Federal Reserve Board, realizing the dire calamities which will surely befall our financial and industrial institutions, casts an anchor to the windward and conserves our resources while there is yet time. [Applause.]

Inflation of the currency is associated with inflation of prices and is one of the elements productive of the high cost of living. It seems strange that in time of peace one of the factors in the present high cost of living should be the inflation of our currency. Yet it is true. It therefore behooves us, in order to reduce the high cost of living, to reduce our inflated currency so that it may represent real instead of fictitious value.

During the last months the Federal Reserve Board has undertaken to check the expanse of credit and the increased issue of Federal reserve notes by raising its discount rate, supposedly for the purpose of checking the frenzy, too prevalent, of stock speculations. Too much credit is used for speculative purposes. One has but to read the events on the various stock exchanges to be appalled by the amount of credit required for speculative purposes in the unproductive but necessary monetary centers.

If trading on stock exchanges were limited to investments, and "bulling" of the markets and the covering of shorts materially curtailed, much relief might be offered, with a resultant deflation in currency.

It seems to me that if the Federal Reserve Board would exercise a more careful control of credits extended for speculative purposes and endeavor to obtain the cooperation of banking officials the monetary inflation would cease and enable more credit to be diverted for industrial purposes.

We hear much in these times about increased production, economy, and thrift. Unfortunately human nature in America at the present time is mad in the indulgence of luxury and extravagance. [Applause.] We seem to expect much of the artisan and laborer, but by far the greater remedial results can be obtained by the practice of economy and thrift among the middle class and the rich. It is they who in their personal expenditures consume and expend.

The CHAIRMAN. The time of the gentleman has expired.

Mr. DUNBAR. Mr. Chairman, may I have one minute more?

Mr. PLATT. I yield to the gentleman one minute more.

The CHAIRMAN. The gentleman from Indiana is recognized for one minute more.

Mr. DUNBAR. The purpose for which the Federal reserve banks were organized was to afford relief where financial and industrial danger threatened. By its beneficial provisions we were able to finance our war credits on the scale necessitated, but now is the time to put our house in order, and we must not continue to capitalize credit available and be unprepared for future emergencies. Money and credit to be used for speculative purposes should be withheld at least for a time and preparations begun to deflate the currency to a volume sufficient for legitimate business enterprises. [Applause.]

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

The committee informally rose; and Mr. SNYDER having taken the chair as Speaker pro tempore, a message, in writing, was communicated to the House of Representatives by Mr. Sharkey, one of his secretaries, who informed the House of Representatives that the President had approved and signed bills and joint resolution of the following titles:

On March 29, 1920:
H. R. 909. An act for the relief of Ellen Agnes Monogue; and
H. J. Res. 316. Joint resolution relating to supervision of the Lincoln Memorial.

On March 30, 1920:
H. R. 5346. An act for the relief of the Eastern Transportation Co.;

H. R. 12467. An act making appropriations for the support of the Military Academy for the fiscal year ending June 30, 1921, and for other purposes;

H. R. 946. An act for the relief of James A. Showen;
H. R. 1317. An act for the relief of Robert T. Legge; and
H. R. 12954. An act providing for the relief of populations in Europe and in countries contiguous thereto suffering for want of food.

AMENDMENT TO THE FEDERAL RESERVE ACT.

The committee resumed its session.
Mr. PLATT. Mr. Chairman, I yield seven minutes to the gentleman from Illinois [Mr. KING].

Mr. PHELAN. And I yield the gentleman eight minutes.

The CHAIRMAN. The gentleman from Illinois is recognized for 15 minutes.

Mr. KING. Mr. Chairman, I regret that I have not had sufficient time to arrange my data and reduce my materials to writing. On a subject of this kind it is very essential and necessary, in dealing with figures and money matters, that a man should commit his statements to writing most of the time.

I have begun to take quite an interest in matters relating to banking and currency, and especially in the subject of money. When you once get to studying it a little—and I have always

studied it a little, theoretically—you will find that it is one of the most interesting subjects that can be produced. In fact, the stories of the Arabian Nights are not more interesting than the stories you find in the financial maneuvers of many of the people of this country and of other countries. What an interesting story it would make to tell how, some time before last Christmas, Lord and Lady Swathling came over from England to put their young son in an American school, and incidentally to help in some matters that were then pending in this country, and then to recite how one day he walked down to the Treasury of the United States, and, like Aaron of old, knocked on the bronze doors, which opened, and lo! from thereout began to flow United States gold to all parts of the earth.

I am not going to discuss that question particularly, because it is not pertinent to this bill; but it shows the interesting character of things that occur in connection with high financial matters.

I may say that I do not have the confidence in the Federal Reserve Board and their opinions that some of the members of the Committee on Banking and Currency have, and which some of the Members of this House have; and I lost my confidence in them when they advised Congress to pass what is known as the Edge law, for the purpose of incorporating companies to do an international speculation business, and because they represented to the Congress and to the committee that the purpose of it was not for speculation, not for building up industries in foreign countries, but for the purpose of stabilizing foreign exchange. You remember when that discussion was had.

Now, what has come about under that law with respect to stabilizing foreign exchange? As a matter of fact, it was a species of deceit on the part of the Federal Reserve Board to impose upon Congress with any such statement as was made at that time. I do not want now to refer to what I happened to say at that time, because it probably does not amount to very much, but I did state at that time that the purpose of that bill was to take American money and build factories in foreign countries for the purpose of manufacturing goods with cheap labor and to import those goods into the United States for sale at an immense profit.

Already in the Kingdom of Czechoslovakia they have recently erected a large cotton mill. The natives have gone to work, very laudably indeed, in a factory built by American money. Where do they expect to get their market? In America. Whether or not that is going to be a good proposition for the American workingman and the American capitalist, unless they have their money invested abroad, I can not say.

But, getting down to this bill, the bill now before the House is H. R. 12711, recommended for adoption by the Committee on Banking and Currency in its Report No. 678.

Page 138, section 14, of the Federal reserve act enumerates the powers of the Federal reserve banks pertaining to open-market operations. Among them—subdivision d—is the power—

To establish from time to time, subject to the review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper which shall be fixed with a view to accommodating commerce and business.

It is proposed by this bill to add to what I have just read the following words, to wit:

And which, subject to the approval, review, and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the rediscount and discount accommodations extended by the Federal reserve bank to the borrowing banks.

As a reason for this legislation the Federal Reserve Board, in their sixth annual report to Congress for the calendar year ending December 31, 1919, say that—

There is in said subdivision (d) no authority for establishing graduated rates based upon the total borrowing of a member bank, and consequently when it becomes necessary to advance the discount in order to curb the demands of those banks rediscounting with the Federal reserve banks in very large amounts the same rate would have to apply to the moderate requirements of other member banks who may rediscount with the Federal reserve banks infrequently and never excessively. Thus the application of rate advances as a corrective or deterrent to certain banks tends to raise the current rates to all.

The board therefore recommends to Congress that an additional power be granted it by adding to subdivision (d), section 14, a proviso that each Federal reserve bank may, with the approval of the Federal Reserve Board, determine by uniform rule, applicable to all its member banks alike, the normal maximum rediscount line of each member bank, and that it may submit for the review and determination of the Federal Reserve Board graduated rates on an ascending scale to apply equally and ratably to all its member banks rediscounting amounts in excess of the normal line so determined.

In this way, in the opinion of the board, it would be possible to reduce excessive borrowings of member banks and to induce them to hold their own large borrowers in check without raising the basic rate.

The Federal reserve banks would thus be provided with an effective method of dealing with credit expansion more nearly at the source than is now practicable and without unnecessary

hardship to banks and borrowers who are conducting their affairs within the bounds of moderation.

I shall vote for this bill, not because it grants additional power to the Federal reserve banks but because it does not.

One of the chief recreations of the numerous professorial boards that infested Washington during the war was the chasing and capturing of phrases. More genuine glee beamed in the eye of a member of the professoriate when he invented a new phrase than even before possessed him in the capture of a butterfly on the college campus. So the phrase "graduated or progressive discounting or rediscounting" placed in the Federal reserve act, while it will adorn the rhetoric, will not increase the power.

In my humble judgment, if this power of progressive discounting does not already exist in section 14d as it now stands, it certainly stands out powerfully in the power given to every Federal reserve bank in section 14 of the act, which is as follows, to wit:

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks, and shall, subject to the provisions of law and the orders of the Federal reserve board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims of other member banks.

Therefore, will anyone seriously contend that the alleged power asked for in this bill to the effect that discounts "may be graduated or progressed on the basis of the rediscount and discount accommodations extended by Federal reserve banks to the borrowing banks" is not already covered by the existing power giving said banks the right to extend such discounts as may "safely and reasonably be made"?

No power over the subject could be broader. It would certainly include the power "to determine by uniform rule, applicable to all its members alike, the normal maximum rediscount line of each member bank" and to submit to the Federal Reserve Board graduated rates on an ascending scale to apply equally to all its member banks rediscounting amounts in excess of the normal line so determined. This contention is unquestionably sustained by the law department of the Federal Reserve Board, which has recently held, in construing said section 4, and especially the words "may be safely and reasonably," that such words imposed upon the Federal reserve bank an obligation to make only those discounts which "may be safely and reasonably made"; that "the length of the line of any one particular borrower appears to be a pertinent consideration in determining both the safety and reasonableness of a discount"; and that "a Federal reserve bank may properly decline to discount for a member bank the paper of any one borrower on the ground that the Federal reserve bank has heretofore discounted for other member banks what it deems a sufficient amount of that particular borrower's paper."

Necessity not existing for this legislation, there appear but two reasons for asking it, the first one of which is the ease with which the Federal Reserve Board obtains legislation from Congress, and the second to enable the board and its supporters to lay the blame on Congress for not passing this alleged enabling law in time to avoid a crash, if any.

The administration of the Federal reserve act is responsible for the high cost of living.

That our highly elastic currency has been inflated by the Federal Reserve Board would perhaps not be so exact as to say that it has been stretched and is now close to the snapping point. Uncle Sam stands back of the Federal reserve bank dollar, so that the individual need have no fear except as he is one of the taxpayers who stand behind Uncle Sam and who in a crash must sustain the loss.

Is the low-priced dollar the cause of the high price of living or is the high cost of living the cause of the low-priced dollar? We do know that they appear together, and we do feel sympathy with the colored gentleman who wrote from Enid, Okla., saying, "This rubber goods in the banking law am making things bad for our farmers." [Laughter and applause.]

I see I am not going to have time to go into the matter that I expected to go into. That is this: I make the charge upon this floor that the administration of the Federal reserve act has been the cause and almost the sole cause for the high cost of living in the United States. If you to-day are paying \$125 for a suit of clothes worth \$40, charge it up to the Federal Reserve Board. If you are paying \$12 or \$15 or \$20 for a pair of shoes, charge it up to the administration of the Federal Reserve Board. Sunday I saw an old lady picking her way along the street. Instead of shoes she was wearing cloth overshoes which were nearly worn out. When you see anything like that on the streets of Washington, charge it to the Federal Reserve Board. They, and they

alone, in the administration of this act are to blame for the high cost of living.

How is this money made? Talk about inflation! How many of us understand what inflation is? It is not strictly inflation. It is too much elasticity. It has been stretched almost to the snapping point. Now, do not any of you get alarmed because I am taking out a little bit of money from my pocket and putting it on the table here. Here are a number of Federal reserve notes which I hold in my hand. I lay them upon the table. Various gentlemen, for the purposes of illustration, have handed to me a number of bills of exchange and drafts. They have been down to South America and have bought up all the leather in the country. They have bought up all the wool in the country. Other gentlemen have bought up all the lumber in the country. As a matter of fact, they are hoarders. I am not charging them with that personally, but for the purposes of this illustration. Now gentlemen hand me a number of imitation drafts, of notes, and of bills of exchange, based upon their illustrative operations and based upon the price not at which they purchased the stuff but on the price at which they are selling it to the manufacturers and to the people of the country. What is done with all these drafts? They are put in the member bank. From the member bank they are transferred to the Federal reserve bank. The Federal reserve bank takes them and goes down to the Treasury and passes them in and takes out Federal reserve notes. So what is all this money based on? There is a 40 per cent gold reserve, but the rest of the money is based upon these drafts, notes, and bills of exchange, the foundation for which is a large hoard of wool and of leather and of lumber and of the necessities of life. You will notice that the gentleman who preceded me said that nearly 70 per cent of all these loans were in the city of New York, where the speculators are, where the hoarders are, where the men are who have piled up millions of dollars by this machinery, and are continuing to do it in time of peace and paying us in this counterfeit money issued by the Federal reserve bank. No wonder it has so little value. What will happen when the price of these things goes down? What will happen to the money which is based upon them? No one knows what will happen; but the crash will come some day.

Here is the point I want to make: What is the interest in this whole thing? Why should these high prices be kept up? Why should the price of wool and leather be kept up? The bankers who have issued and guaranteed this money are interested in the price being maintained. What is back of this money? Why, this leather and lumber and wool and these other things against which this currency has been issued. If the price of those goes down, what happens to this currency? They will never let the price go down, never in the world.

Now, they talk about rediscounting. That amounts to nothing whatever. The men who want to speculate will get their money somehow. This bill will not do a particle of good in that regard. The only remedy is liquidation of some of these things. Let some of them pay their bills to these banks. Let there be a curtailing of the issuance of these Federal reserve notes which I hold in my hand. There is no limit provided by the law. Not even the sky has been provided as the limit for the issuance of this money. So long as they go on bringing in the wool and the leather and all this other material and issue these bills of exchange against the holdings of the same for high prices and trade the same for this cheap money, then there will be no reduction in the high cost of living. [Applause.]

Mr. WELTY. Will the gentleman yield?

Mr. KING. Yes.

Mr. WELTY. Is not that money worth 100 per cent in gold?

Mr. KING. Every one of these paper dollars will purchase just as much as a gold dollar in this country, but that is not the point.

Mr. PHELAN. Mr. Chairman, this bill permits the Federal reserve banks, subject to the approval and determination of the Federal Reserve Board, to graduate or progress interest rates on certain standard bases. Under the Federal reserve act as it stands on the statute books to-day the Federal reserve banks, subject to the approval of the Federal Reserve Board, can make different rates of interest on different kinds of paper, but they can not graduate the rate or progress the rate on the same kind of paper. For example, if they put a 6 per cent rate on commercial paper in the New York Federal reserve district, they have got to charge every member bank the same rate. They must charge every bank that comes up for rediscount 6 per cent, it does not matter how much rediscounting or how little rediscounting the particular bank wants. Every bank which comes up must pay that 6 per cent.

If this bill becomes a law it will permit the Federal reserve bank, subject to the approval of the Federal Reserve Board, to progress that rate. In other words, it has in view that the

Federal reserve banks, if they see fit to do so, may grant a certain normal line of credit. They may establish what they call a normal line of credit based on some standard such as the capital and surplus, or perhaps reserves, of a particular bank, or possibly upon the assets. It is left to the Federal Reserve Board to establish the standard, but the standard must be based upon the amount of rediscount and discount accommodations.

For that normal line of credit they will charge the prevailing rates—in the case I mention 6 per cent. If a particular bank wants to get more credit than it will be entitled to under that normal line of credit established, it may, if the Federal bank sees fit to do it, be required to pay a little higher rate of interest. Let me give you an example. Say a certain member bank under the rules laid down is entitled to a million dollars rediscount from the Federal bank as a normal line. If that bank borrows a million and a half, the Federal reserve bank may charge that particular bank something extra on the excess. It would charge the normal rate for the first million but may charge a little higher rate for the next half million.

Mr. HUSTED. Will the gentleman yield?

Mr. PHELAN. Yes.

Mr. HUSTED. The gentleman stated that the Federal reserve bank, subject to the approval of the Federal Reserve Board, would have the power to establish the standard upon which the advances would be made. I would like to ask the gentleman if he does not think the standard should be fixed in the bill itself?

Mr. PHELAN. No; I went over that with the members of the Federal Reserve Board, and it is extremely difficult to tell what the best standard would be.

Mr. HUSTED. That is the reason I asked the gentleman the question.

Mr. PHELAN. It is a matter to be determined only from experience.

Mr. HUSTED. Is it not possible under the terms of this legislation that the Federal Reserve Board might, for example, refuse to advance more money to a bank with a capital, say, of a million dollars, surplus, and undivided profits than it would to a bank with a capital of \$500,000, surplus, and undivided profits?

Mr. PHELAN. That would depend upon the standard they take, and the standard they take will be taken with the idea of giving the banks credit to the extent they ought to have the credit.

I think it is not unlikely that they will take the capital and surplus as a basis, but it may be that the reserves would make a better basis. I have not the slightest worry that there is going to be any discrimination by the Federal Reserve Board or the Federal reserve banks.

Mr. HUSTED. I do not see how they can establish a basis of that kind without practically discriminating against some banks. I do not see how it is possible to do it. Where you progress your rates on the basis of deposits you would work injustice to some banks. On the other hand, if it was on the basis of capital stock and undivided profits it might work an injustice. I think that whatever the basis is it should be fixed in the bill.

Mr. PHELAN. I disagree with the gentleman, although at the beginning I had some doubts along that line. After working on the thing two or three days I came to the conclusion that it was better to leave the matter open and let the Federal Reserve Board, which has had much experience, work it out itself. In this Federal reserve system it is important to get flexibility, and if we make the law too rigid we are likely to handicap rather than to help.

Mr. BRIGGS. Will the gentleman yield?

Mr. PHELAN. Certainly.

Mr. BRIGGS. In the experience that the Federal Reserve Board has had with the Federal reserve banks, to what extent have borrowing banks in certain localities exceeded the limit of the normal borrowing privilege?

Mr. PHELAN. There has never been any excess, because there has never been any normal line of credit established. Under the Federal act as it stands it is not possible to establish a normal line, because when you establish a certain rate of interest on a particular class of paper you have got to keep the rate, no matter how much the particular bank borrows. I think I will explain to the gentleman in what I am about to say.

The purpose of the act is to give the Federal reserve system—the Federal reserve banks and the Federal Reserve Board in particular—a better control over the distribution of credits and a better control over the credits themselves. They are confronted with this situation to-day: Some banks will get rediscounts in a very large volume, and there is no way that the Federal reserve banks and the Federal Reserve Board can cut down credit to those banks except by shutting off altogether or raising the rate for everybody else as well as them. Take an

example. Suppose some bank has obtained a large line of credit from the Federal reserve system and used that credit in a way which is not for the best interests of the country as conditions are. Suppose the Federal reserve banks or the Federal Reserve Board wants to put some restraint on them. What can either do? It is possible to do either one of two things—either say to the banks, "You will get no more credit," and shut off abruptly, which may prove disastrous, or else say, "We have got to push up the rate of interest on you and everybody else at the same time, although the other banks may be using their credit in a proper way. If we shut off altogether on a particular number of banks, refusing to give them additional credit, it may prove ruinous to those banks, because if the public finds out that they can not get paper rediscounted it is likely to give the banks a bad name and bring trouble on them."

Under the bill we are now considering, if it becomes a law, the Federal reserve bank can say to a bank, "We want your bank to hold back, but if you want more credit you have to pay more. We will give you a certain amount at 6 per cent, but if you use more than that you must pay 6½ or 6¾ per cent." They can put the rate on without shutting off additional credit altogether.

Mr. JOHNSTON of New York. Will the gentleman yield?

Mr. PHELAN. I will.

Mr. JOHNSTON of New York. Would the Federal Reserve Board inquire of the bank as to the collateral on which it makes its loans?

Mr. PHELAN. Yes.

Mr. JOHNSTON of New York. Can they inquire whether the collateral represented some tangible real value, or can they inquire as to whether or not it is similar to collateral described in this morning's paper where the Stutz Motor Co. has a total value of assets, including good will, amounting to \$4,000,000, while the security value of the Stutz Motor Co. is represented by \$37,000,000?

Mr. PHELAN. The Federal reserve banks, as a matter of practice, require that the various kinds of paper which come to them from member banks shall be accompanied with a statement, and that in that statement shall be told the purpose for which the money or the credit obtained is used, or has been used, by the individual, partnership, or corporation which gets it. The Federal reserve bank, therefore, has that information on all of the paper that comes up to it. To get down to the Stutz Motor Co., I think I know the kind of transaction that the gentleman has in mind, and if I am correct paper of that kind can not be taken by Federal reserve banks under any conditions. If the note is all right, if the commercial paper is all right, it can be rediscounted by the Federal reserve bank. To be all right it has to be paper based on a commercial transaction. That means that the money or the credit obtained must be used in some commercial transaction such as the purchase of goods, the raising of agricultural products, the distribution of goods, but if that money is borrowed for stock-market purposes, if it is borrowed to carry loans, then that kind of paper is not rediscounted.

Mr. JOHNSTON of New York. Mr. Chairman, will the gentleman yield further right there?

Mr. PHELAN. I yield.

Mr. JOHNSTON of New York. I meant, as the gentleman suggested a moment ago, that the Federal Reserve Board will inquire for what purpose the money is to be used after it is obtained on a loan.

Mr. PHELAN. They inquire in a way. They do not exactly inquire, because they require that statement when the member banks come up to get the rediscount.

Mr. JOHNSTON of New York. All they require to know is what is to be done with the money after it is borrowed?

Mr. PHELAN. Either what is to be done or what has been done with it and any other information desired.

Mr. JOHNSTON of New York. They do not inquire as to the character of the collateral which I deposit when I obtain the loan?

Mr. PHELAN. They may, but that is not the important thing. That is the hard thing to explain about the Federal reserve act. Let me state the basis of the whole Federal reserve act, and if the gentleman can keep this in mind that act will clarify itself amazingly. It can not be kept in practice to the letter, but, in general, this is the basis of the Federal reserve act: The Federal reserve banks extend their credit, loan their money for productive and distributive purposes, and, outside of Government bonds and some other slight exceptions which are not important, all of the credit and all of the money that goes out of the Federal reserve system, speaking broadly and not holding to the letter, goes out for production and distribution. That is the basis of it all, and it is intended that no money and

no credit, with the exceptions mentioned, shall be distributed from the Federal reserve system for the carrying of stocks, for the carrying of commodities for speculative purposes, for the carrying of real estate, or anything of that kind.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. PHELAN. In a moment. The theory of the Federal reserve act is this, that if the Federal reserve bank credit is extended and money loaned finally through the member banks to those who are going to produce something or sell something, then the person who is primarily liable on the commercial paper, through the very act of his manufacture, through the very act of his production, through the very act of his distribution, will get back the means whereby he can pay his obligation when it is due. The Federal reserve bank will then always be in good shape, because things are always moving; its assets are always liquid; but if at any time we permit to creep into the Federal reserve act any proposition whereby money can be loaned on real estate or on stock-market securities and a rediscount given to a Federal reserve bank, we are likely to face a situation where the Federal reserve banks may have good enough assets, but where they will be unable to meet their obligations when due. As I say, the whole principle is based on production and distribution. I yield to the gentleman from Texas.

Mr. BRIGGS. Has the gentleman any evidence of the extent of the use being made of these credits through this excessive borrowing and loans?

Mr. PHELAN. They are used in various ways.

Mr. BRIGGS. I mean whether they are used in speculation or along the lines suggested by the gentleman for legitimate purposes.

Mr. PHELAN. I will answer that as well as I can. Of course, the whole financial system of the country is a complex system. When the member banks go to the Federal reserve banks, leaving Government obligations out of it for a moment, and get their credit, they must furnish paper of the kind I have described—commercial paper.

The transaction is based on production and distribution, but when the member banks get that money or credit with whatever credit they have got, there is nothing to prevent their loaning the money on stock-market transactions, and if the Federal reserve banks give them too much credit, even though the credit is strictly in accordance with the Federal reserve act, they can, of course, sometimes extend credit for operations in the stock market. I will tell the gentleman how this bill is going to work, for that brings me right to the crux of the whole situation. Banks loan their money for productive purposes to people who want to produce something, to people who want to sell something. They also loan their money to men who want to engage in stock-market transactions, and they loan their money to men who want to carry big stocks of commodities for speculative purposes, and they loan their money for other things. We are putting in the hands of the Federal reserve banks and the Federal Reserve Board a power to put a brake on some place when they find conditions are getting bad, and conditions have been bad. They can say to the member banks, "We are going to graduate these rates. If you want something beyond a normal line of credit, you have to pay something extra for it." The minute they do that they send out a warning to every bank in the United States that credit is getting a little tight, or that money, as the term is used, is getting tighter, and immediately every wise banker, every wise board of directors, will say, "We better look after our own house and put it in order; we better watch out when they are pushing up the interest rates, for they may push them higher." What will the wise, prudent banker do when he gets that warning? He will look over his assets and loans and see what are the best. What will he determine? Will he say that stock-market collateral is the best? No, indeed; he will not. Will he say that a loan made to somebody to carry a big stock of leather or wool or something of that kind, hoping for a rising market, is the best kind of a transaction for his bank to engage in? No; he will not, because he knows if hard times come along, if some trouble arises, the thing that is going to be thrown on the market is stock-market collateral. He knows that when people start to economize, when they begin to stop their purchases of things, they are first going to stop the purchase of luxuries. If he is a prudent banker, he will determine that the safest thing for him to have his loans out on is the kind of transactions that are based on production and distribution of necessary things. In other words, when he has to cut down, the thing that he will try to keep in his portfolio will be commercial paper, the proceeds of which are being used for the production of necessary things.

Now, that means exactly—that is one of the purposes of this act, to permit the thing to be done gradually; gradually if danger threatens—there will be a reduction upon the amount of

loans that go out upon the stock market, there will be a reduction upon the amount of loans that go out in the purchase of luxuries, there will be a reduction in the loans made to carry commodities for speculative purposes.

Mr. HUSTED. Will the gentleman yield?

Mr. PHELAN. I will.

Mr. HUSTED. Does the gentleman contend, under the provisions of this bill, that the stock exchange loans can be controlled?

Mr. PHELAN. Can be controlled?

Mr. HUSTED. Under the provisions of this bill?

Mr. PHELAN. Well, I do not contend anything in particular can be controlled. I doubt if Congress—

Mr. HUSTED. Would it not be very easy to do it if we wanted to do it, and could there not be a provision that the Federal reserve banks would not rediscount to banks unless they had the statement that over and above a certain amount of money should not be loaned on stock exchange transactions?

Mr. PHELAN. We can pass such a law if we desire to do it, but I doubt very much the wisdom of passing a drastic bill.

Mr. HUSTED. The trouble about such a bill is you are going to hurt the legitimate part more than the speculative part, because the banks usually—I do not say all banks do it—but banks usually loan where they get the highest rate of interest, and they get that high rate of interest on stock exchange loans, and if any loans are going to be reduced they will be the commercial loans instead of the stock exchange loans.

Mr. PHELAN. I disagree with the gentleman, and I want to call his attention there so the record will be straight. I call attention again that no paper based upon stock market transactions, no paper the proceeds of which shall be used for stock market speculations can be rediscounted by the Federal reserve bank, so that under the power of the Federal Reserve Board and Federal reserve banks there is no question in the world that they can proceed at once to have some check upon speculation. But, to answer the gentleman again, I believe that that is all that the Government can do. When men stand upon the floor of this House or stand elsewhere and criticize either legislators or administrative officials I think they fail to realize what is at the base of the present condition. It would be impossible, as every one of us who stops to think knows, to do everything by legislation; and in my opinion in the present condition of affairs to-day it is impossible for us to do the biggest part of it. If we are going to have conditions right in this country, the people of this country ought to do it themselves, without waiting for the Congress, the President, the administrative officials, or anybody else. [Applause.]

And the future safety of our business conditions in this country lies in just two words, and those two words are "production" and "saving." [Applause.] If we are going to go through the next few years or probably the next decade, and get through without serious trouble, the people of this country have got to apply themselves to production; they have got to produce more and they have got to save more. If the people of the country will produce more and save more they will do themselves more good and the whole country more good than all the legislative bodies in the United States, including the Congress, can do. [Applause.]

Mr. GOODYKOONTZ. Will the gentleman yield?

Mr. PHELAN. I will.

Mr. GOODYKOONTZ. I want to call the gentleman's attention to the fact that a Member a while ago stated that in some instances national banks of this country had been able to borrow from the reserve system an amount of money which equaled the capital and reserve of that institution. Can the gentleman tell us whether that statement is correct; and if so, why the Federal reserve officials permitted that sort of thing to be done?

Mr. PHELAN. I will not say any particular bank has done that, because I do not know, but theoretically it is possible. The gentleman asks why the Federal Board has not stopped that. It is an extremely difficult position in which the Federal Reserve Board and banks are placed. If a member bank comes to a Federal reserve bank with commercial paper to discount, it is difficult to say that they will refuse it. If they do, it is likely to have a disastrous effect upon the bank, because people will say that if the bank can not get its paper rediscounted there must be something wrong with it. The only way to do it now is to put a check on it by raising the interest rate, and if they raise the rate of interest on one bank they have to raise the interest on the others. By this bill they can do that in reference to a particular bank on its excess credit, without subjecting the other banks to the penalty for normal. As I stated, the secret of our economical situation lies in greater production and greater saving, and this bill, I think, is the most effective piece

of legislation that has been suggested to help along that situation. I do not make any wild prediction of what might be done or will be done under the provisions of this bill, but I do say that it affords an effective means whereby the Federal system—whereby the member banks, the Federal reserve banks, and Federal Reserve Board joined together—can put a check upon expansion of credits and can do it without at the same time doing unnecessary injury to anybody.

Mr. HUSTED. Will the gentleman yield?

Mr. PHELAN. I will.

Mr. HUSTED. I agree absolutely with what the gentleman said about the real and only cure for existing evils lying chiefly with the people and consisting in greater production, greater thrift, and greater efficiency. I believe that the margin of speculation is a very great evil of the present day, and I believe it causes a large part of our troubles. I believe that can be cured to a great extent by legislation, but I do not think that this legislation accomplishes anything toward that end or will affect it at all. I would like to see the committee bring in some legislation that would do some good in that regard.

Mr. PHELAN. Well, that is one problem. But this legislation does give opportunity to curb unnecessary expansion of credits.

Mr. MADDEN. Will the gentleman yield?

Mr. PHELAN. I now yield to the gentleman.

Mr. MADDEN. The gentleman stated a moment ago, if I understood him correctly, that the passage of this act would place the Federal reserve banks in a position to prevent an over-discount of a particular bank by charging a higher rate of discount to that particular bank without affecting other banks.

Mr. PHELAN. That is not exactly my statement.

Mr. MADDEN. Well, that is the gist of it. Now, while we have the power to do that under this amendment to the law, what would prevent the banks that had not exercised the right which they might have for rediscount from making the loans to borrowers who had been refused by the banks because of the high rediscount rates, and thereby accomplish the very purpose which this bill is said to endeavor to avoid?

Mr. PHELAN. That is a very pertinent question. And in answer I will say to the gentleman that if those handling our financial situation, the Federal Reserve Board and the Federal reserve banks and a great many individuals outside, see that such a condition is taking place and see any danger in it or any evil in it, the situation can be met under this bill, just the same, by lowering the normal line of credit so that they will put a premium upon a larger amount of credit given. Or, if that fails to operate and they find that this undue expansion, for other than good economic purposes, did take place, they can raise the interest rate on everybody. The beauty of this bill is that it permits flexibility and elasticity. That was one of the things that was sought in the adoption of the Federal reserve act, namely, to give a certain flexibility to our financial system. This is a simple addition to that act, which will give opportunity for still greater flexibility.

Mr. RHODES. Will the gentleman permit a question?

Mr. PHELAN. Yes.

Mr. RHODES. I recall that the gentleman from New York [Mr. PLATT] stated at the outset of the debate that the chief object of this proposed legislation was to prevent the further expansion of credit, and I would like to know if, in the opinion of the gentleman, this object would be accomplished in the event this bill should be passed?

Mr. PHELAN. I will answer the gentleman. I do not want to say exactly that this bill has for its purpose the further curtailment of credit. Conditions may occur where we ought to have an expansion of credit. But to-day it seems that we ought not to have an expansion of credit. If I may add a word, I think a more accurate statement would be "to give a better control over credit," and if present-day conditions are such that we ought to stop further expansion, then this bill will give the opportunity for preventing the further expansion of credits. You asked me what I thought would take place?

Mr. RHODES. I asked you if you thought that the object stated by the chairman, the gentleman from New York [Mr. PLATT], would be accomplished by the passage of this bill?

Mr. PHELAN. Well, I hope that the purpose of the bill will be accomplished. I have confidence that the directors of the Federal reserve banks and the members of the Federal Reserve Board will use this power and other powers they have to get the situation back as soon as they can to normal. But I want to call this to the gentleman's attention: Much has been said about the inflation of our currency and that sort of thing. Why, it is the easiest thing in this world to deflate our currency and deflate our credits. All the Federal Reserve Board and Federal reserve banks would have to do would be to refuse to give out any more

Federal reserve notes; to call in some that are out; to raise their interest rates very much higher on the credits that are out, and you will get a deflation of your currency and credits that would absolutely amaze you.

But there is another side to this proposition. While it sounds very well to say that we ought to get a deflation, you must remember if you have got a big balloon inflated, and you prick a hole in it, it is going to collapse, and one of the difficulties of the present situation is that if they adopt too drastic methods to get deflation they will probably do more harm than good by those drastic methods. Now, what we hope is that with the power we have given them and with the power we are giving them the Federal Reserve Board and the Federal reserve banks, so far as lies in their power, will contribute to bringing back conditions to something like normal. But, again, I do not want to allow this to pass without saying that the Federal Reserve Board and all the Federal reserve banks and all the Government officials and all the Government agencies are utterly powerless to bring about a proper economic readjustment if the people themselves are not going to contribute and do their share.

Mr. RHODES. Well, could not that deflation of the currency to which the gentleman refers be accomplished under existing law without the necessity for passing this bill?

Mr. PHELAN. Yes, indeed; in some degree.

Mr. RHODES. I see that the report says that the board is undertaking to check the expansion of credit.

Mr. PHELAN. Yes.

Mr. RHODES. And the debate has not been directed to that proposition, but has been directed more to the question of conferring additional powers upon the Federal reserve banks to equalize the matter of increasing the rates of discount.

Mr. PHELAN. I tried to address myself to that question when I said that if this bill goes into operation the Federal reserve banks can gradually discourage the wrong kind of loans and gradually contract the credit that is now outstanding. I tried to explain that to the gentleman.

Mr. PLATT. Will the gentleman yield?

Mr. PHELAN. Yes; I will yield all my time if the gentleman wants it.

Mr. PLATT. Does the gentleman think this gives any power to the Federal reserve banks that the member banks do not possess among themselves?

Mr. PHELAN. In dealing with their own customers?

Mr. PLATT. In dealing with their own customers or dealing with each other.

Mr. PHELAN. Why, my recollection is that in a general way the member banks have exactly this power if they want to exercise it.

Mr. PLATT. The Federal reserve banks would have it if we put in the specific statement which seemed to imply that they have got it.

Mr. PHELAN. We have been careful of the Federal reserve banks and have put in provisions which would clearly indicate that we wanted no discrimination among member banks. Because of that the Federal Reserve Board, and I think very properly, feels if it permitted a graduated tax it might be against the spirit of what we originally intended.

Mr. McKEOWN. Will the gentleman yield for a question?

Mr. PHELAN. Yes.

Mr. McKEOWN. Under the present arrangement, or under the present law, if they undertook to put on this graduated tax it would have to apply to all, irrespective of the purpose of the loan?

Mr. PHELAN. Under the present law they can not graduate the tax.

Mr. McKEOWN. I understand.

Mr. PHELAN. If they have the 6 per cent rate on agricultural paper, they have got to give that 6 per cent rate to the bank that borrows \$100 or to the bank that borrows \$10,000,000, if some bank borrows \$10,000,000, or else they have got to stop the bank that borrows \$10,000,000 somewhere along the line and refuse to give it any more credit.

Mr. McKEOWN. The thing I am interested in is whether, on the passage of this act, the board would graduate the rate, and if that would be used to the detriment of the agricultural communities in the effort of the board to check speculation in some stock in some speculating center?

Mr. PHELAN. No; I think absolutely not.

Mr. McKEOWN. In other words, in the making of the rule applying to discounting banks in stock districts where they speculate in stocks, whether the effect on the graduation or limitation will not be used as a precedent to impair the borrowing capacity of an agricultural community?

Mr. PHELAN. The act with this amendment will give such flexibility that it will not act to harm agricultural production. In my opinion, if the act is in operation, if the Federal reserve banks endeavor to act under it, the effect will be to help the production of necessary things rather than to injure. That is one of the purposes; that is, to help throw our credit into the production of necessary things, which is one of the things that we all desire in order to bring down the present high cost of commodities and the present high cost of living.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. The Clerk will report the bill for amendment.

Mr. PLATT. Mr. Chairman, I yield three minutes, first, to the gentleman from Massachusetts [Mr. LUCE].

The CHAIRMAN. The gentleman from Massachusetts is recognized for three minutes.

Mr. LUCE. Mr. Chairman, in considering the details of this bill the broad aspects of the situation may not have been observed. Last Friday the Federal reserve ratio fell to 42.7, the same that it was on the 20th of February, and within a shade of the low level, 42.5, that it reached on the 27th of February and the 12th of March.

The situation in a nutshell is this: Last fall it was discovered that such an immense amount of money in this country was being used for speculating purposes that the greatest orgy of gambling that the world has ever known was in progress. It is true that the tulip speculation in Holland and the John Law speculation at the time of the Mississippi bubble may have been more intense, but in the aggregate of volume there never was such speculation in the history of mankind as is now on foot.

This has been in part made possible by the misuse of certain provisions of the Federal Reserve System. The system was intended for time of emergency, but it has been resorted to for speculation by stock gamblers, and the result is you are standing on the edge of a precipice. Your doctors are the Federal Reserve Board. They are the experts to whom we have intrusted authority in this matter. They started last summer to meet the situation by raising the rediscount rate. They say now, "We need more power." Let us not befog the real issue by disputing over details. The men that we must trust in this crisis tell us they need this power. If they can not be believed, who can be believed? For heaven's sake give them the opportunity to save us, if they can. [Applause.]

Mr. TINCHER. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Massachusetts has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That section 14 of the Federal reserve act as amended by the acts approved September 7, 1916, and June 21, 1917, be further amended by striking out the semicolon after the word "business" at the end of subparagraph (d) and insert in lieu thereof the following: "and which, subject to the approval, review, and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the rediscount and discount accommodations extended by the Federal reserve bank to the borrowing bank."

Mr. PLATT. Mr. Chairman, I offer an amendment on page 1, line 10, after the word "the," to strike out the word "rediscount" and insert in lieu thereof the word "advances."

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PLATT: Page 1, line 10, after the word "the," strike out the word "rediscount" and insert the word "advances."

Mr. PLATT. Mr. Chairman, the purpose of that amendment is to make the bill read exactly the same as the Senate bill. We do not want to have the two bills read differently. This word "advances" covers a little that is possibly not covered in the word "rediscount." The banks borrow, for example, directly on 10-day notes, and I question whether the word "rediscount" covers that.

Mr. WINGO. Mr. Chairman, will the gentleman yield?

Mr. PLATT. Yes.

Mr. WINGO. The gentleman does not contend, does he, that this word "advances," as used in the Federal reserve act, means the same as the word "rediscount"?

Mr. PLATT. No; but—

Mr. WINGO. The gentleman is proposing to strike out the word "rediscount" and insert instead of it the word "advances." Certainly as a member of the committee I shall object to such a change as that without the committee considering what the effect will be.

Mr. PLATT. But the Senate committee—

Mr. WINGO. The gentleman knows that we have had to call the attention of the Senate committee repeatedly to errors in its bills. The word "rediscount" has a different meaning from the word "advances."

Mr. PLATT. The word "discount" means the same thing as the word "rediscount."

Mr. WINGO. Does the gentleman mean to say that the word "discount" means the same thing as "rediscount"?

Mr. PLATT. As applied to the Federal reserve banks, I do, which can not discount their own paper. They mean in that case exactly the same thing.

Mr. EVANS of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. PLATT. Yes.

Mr. EVANS of Nebraska. Would not the end you have in mind be attained by inserting the word "advances"?

Mr. PLATT. It would be; and it would be better to have it read exactly as the Senate bill reads instead of having to pass it two or three times.

Mr. MADDEN. What objection is there to having this bill go to conference?

Mr. PLATT. It is a short bill, and a conference seems unnecessary. That matter was discussed, and the Senate bill was written somewhat differently because of the fact that the word "advances" covers something that the word "rediscount" does not cover, and it needs to be covered. The gentleman from Massachusetts [Mr. PHELAN] can explain that.

Mr. PHELAN. Yes; if the gentleman will yield to me just a minute.

Mr. PLATT. I yield to the gentleman.

Mr. MADDEN. The gentleman can not yield his time. I rise in opposition to the amendment.

The CHAIRMAN. The gentleman from Illinois is recognized.

Mr. MADDEN. While I am talking against this amendment I want to talk generally against the bill. I did not get a chance to do it during the debate allowed for that purpose.

My judgment is that this amendment ought not to be adopted. In the first place, under the law as it now exists, wherever a discount rate is made by the Federal reserve bank it must be made to all banks alike within the region on similar paper. If this amendment is adopted, it will give to the Federal reserve banks and the Federal Reserve Board the power to make regulations under which they will have the right to say that any given bank within a region, that may have exceeded the limit fixed by them for rediscounts, and that wishes to rediscount more than the limit fixed, must pay a higher discount rate; and it is said by the committee that this proposal is made for the purpose of enabling the Federal reserve banks or the Federal Reserve Board, or both combined, to restrict credits and thereby bring back normal conditions. They say further that the reason why it is proposed to do this is that some particular bank in a given region may have rediscounted more than its proportion of the paper that has been rediscounted within the region, and that other banks have been discriminated against by reason of the fact that they have not exercised the power they might have exercised by calling for rediscounts in order that circulation might be granted to them and that they might thereby be enabled to make additional loans to their customers. But suppose that this amendment to the law is passed and that the right is granted under the law to make the regulations proposed, and that the power is exercised by the Federal reserve banks and the Federal Reserve Board, which will give them the right to say to any bank or to all banks within a region that they shall have what they have not got now, a fixed limit within which they shall have the right to rediscount their paper, but that when they have reached that limit there shall be charged to them an additional rate of interest on any excess over the limit fixed. Now, we will assume that there are 900 banks in a region and that only one of the 900 banks has reached the limit, and that it is the only bank in the region that seeks to rediscount in excess of the limit fixed, and the Federal Reserve Board exercises its power under the regulations to charge an extra discount rate in order to prevent this bank from making additional loans, the purpose being, of course, to contract credits. Is there anything to stop the other 899 banks, which have not anywhere near approached the limit of their authority to rediscount, from making the loan to the borrower, or from rediscounting their paper in the Federal reserve bank? You have not reached the trouble here. You have not reached the cause at all. Instead of giving the Federal board the power to contract credits you have opened the way for borrowers everywhere within the region to go to the banks with whom they have not been doing business at all and to borrow to a greater limit than they have had the power

to borrow from the bank with which they have been doing business and whose officers know their standing.

Mr. PLATT. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. PLATT. They could do that now. Any man can go from one bank to another and borrow, if he can get the other bank to loan to him.

Mr. MADDEN. I know he can; but you are pretending to say to us that you are prohibiting that sort of thing by giving the Federal Reserve Board the power to fix a rate which will prevent additional loans. Now you have not done it.

Mr. PLATT. We are trying to prevent the big banks from hogging all the credit and not letting the little banks have any. [Applause.]

Mr. MADDEN. You have not done that.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MADDEN. I ask unanimous consent for five additional minutes.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that his time be extended five minutes. Is there objection?

There was no objection.

Mr. MADDEN. You have not done that. You pretend that if this bill is passed it will curtail credits, that it will limit loans, that it will contract the currency, that it will help to bring back normal conditions, that it will prevent inflation; but it does not do it. It does just one thing. It places it in the power of the Federal Reserve Board, through the Federal reserve banks, to exercise the right to discriminate against any bank within the region.

Now, what happens to-day? When the Federal Reserve Board fixes the discount rate it must fix it on a uniform basis within the region on paper of like character. You are saying to the Federal Reserve Board that within any region in the United States they may fix one rate for one bank and quite another rate for another bank; and who can say that the Federal Reserve Board will not bring politics into the operation of their action? I fear that they will and that this is one of the most dangerous laws that we could put upon the statute books on this subject.

Mr. HUSTED. In connection with what the gentleman is saying I want to call attention to the fact—and I think it is very important—that absolutely no basis for fixing this discriminating rate is named in this bill. It is left entirely to the discretion of the board, and they can change that from time to time and throw the whole system into confusion.

Mr. MADDEN. That is just what I am trying to say, that to-day the discount rate must be made under the law, and it must be made uniform; but if this bill is enacted into law it will be at the whim of the Federal Reserve Board to-morrow.

Mr. PHELAN. I want to call the attention of the gentleman to lines 9 to 11, inclusive:

May be graduated or progressed on the basis of the amount of the rediscount and discount accommodations extended by the Federal reserve bank to the borrowing bank.

It will have to be taken as a basis and a standard set.

Mr. MADDEN. To-day the Federal board has no power to say what rediscounts shall be accepted; it has the power to refuse discounts, but it can not by regulation say to a bank within a region your limit of rediscount shall be so much. Under this bill they will be able to say to you your credit for rediscount shall be \$1,000,000 and to another banker in the same region your limit shall be \$500,000. They will have the power to do it, and to-day they have not the power.

Mr. PHELAN. They have a very much larger power when they can say you shall not have any credit at all.

Mr. MADDEN. They still have the power to say you shall not have any credit; but when you place in the power of human agency the financial interests of the United States, when you put in the hands of an agency the power to say that you can have a certain amount of discount and to another you can only have so much discount, you have placed the financial conditions of the country in a state of chaos.

Mr. PLATT. Does not the gentleman see that what we are trying to do is to make it so that it shall not be so drastic. They have the power now to shut off absolutely any rediscount.

Mr. MADDEN. The gentleman does not have to tell me that.

Mr. PLATT. We want them to ease up a little.

Mr. MADDEN. You want to fix it so that they can play favorites.

Mr. PLATT. The power they have to-day is fraught with danger.

Mr. MADDEN. The gentleman says the law to-day is dangerous, and yet he is willing to repeal the law by amendment,

so as to place it in the power of the Federal Reserve Board to make its own law, which need not be uniform. If this bill passes, you are giving the Federal Reserve Board the power to make regulations, and the regulations can be made according to the whim of the Federal Reserve Board.

Mr. PHELAN. Mr. Chairman, I move to strike out the last word. The amendment offered by the gentleman from New York [Mr. PLATT], while not essential, is a good one. The words in the bill as it now stands, "rediscount and discount," I believe, cover every transaction which it was intended should be covered, but for the sake of uniformity of language and phraseology of the act I think it is well to adopt the amendment offered by the gentleman from New York. The transactions covered in section 13 of the Federal reserve act and possibly in section 14 are transactions whereby a member bank takes the paper to the Federal reserve bank and gets it discounted. We are in the habit of calling that a rediscount. The word "rediscount" in the bill would cover that transaction. There is another transaction which takes place under the reserve act, where a member bank comes to the Federal reserve bank and asks to secure credit on funds on its own credit. That would be a discount.

Under section 13 of the act, what we refer to familiarly as the rediscount operation, is referred to in the language of the act by the word "discount." So when we use the word "discount" in the amendment offered by the gentleman from New York there is no doubt in the world but what we cover rediscount operations. That is the ordinary transaction where a member bank comes to the Federal reserve bank and tenders somebody's paper for rediscount purposes. The word in the act is "discount."

Further along where we make provision whereby a member bank can secure accommodation on its own obligation we have used in the Federal act the word "advance." So in the act itself we find the words "discount and advances" just as they are incorporated in the amendment of the gentleman from New York.

Since there is no doubt in the world that they cover every contraction that can arise in transactions under sections 13 and 14, I think it is better to adopt the amendment of the gentleman from New York.

Mr. WINGO. Will the gentleman yield?

Mr. PHELAN. Yes.

Mr. WINGO. I want to call the gentleman's attention to the fact that he is in error as to the wording of the present act and in error as to the legal proposition. The words discount and rediscount occur in the original act. The word rediscount is where a member bank takes one of its customer's notes to the Federal reserve bank and rediscounts that piece of paper. That is a rediscount. The discount operation is where the bank goes to the Federal reserve bank and discounts its own note.

Mr. PHELAN. Just a minute; the gentleman does not want to take up all my time. I do not want to cut into the gentleman, but I want to conserve my time. I will explain what the gentleman wants.

Mr. WINGO. How can the gentleman explain when I have not finished my question?

Mr. PHELAN. Let me read from the Federal reserve act, on page 27:

At all events, the word discount covers the rediscount.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TINCHER. Mr. Chairman, I move to strike out the last two words. Mr. Chairman, as I understand the amendment to the bill, the gentleman from Massachusetts [Mr. LUCE] was the most elucidating speaker on the subject. We are suffering from financial trouble and it is the theory of the Banking and Currency Committee that the only doctor we can get is the Federal Reserve Board. They not only have general powers, they have the power of discrimination, whether they will loan their money or rediscount paper; but they want to be the doctor of the world, including the United States, and want additional power to discriminate between banks in different sections of the country as to the rate of interest they will charge. The very object of the organization of the Federal reserve banks was to make a uniform credit system. I am not surprised at the gentleman from New York and the gentleman from Massachusetts being unanimous on this bill, regardless of party, because it will defeat the very purpose for which the Federal reserve act was created—the purpose by which my section of the country profits and the only purpose by which it profits.

Mr. PLATT. Mr. Chairman, will the gentleman yield?

Mr. TINCHER. I could not get anyone to yield to me, even to ask a question.

Mr. PLATT. The gentleman does not want to be wrong about this?

Mr. TINCHER. I will ask the chairman of the committee whether I am wrong in stating that this bill will give the Federal Reserve Board the power to discriminate between banks as to rates of discount.

Mr. PLATT. Yes; the gentleman is wrong in that statement alone.

Mr. TINCHER. Does it give them that power? It says so.

Mr. PLATT. It makes a uniform rule.

Mr. TINCHER. And the gentleman from Massachusetts [Mr. LUCE] advocated that as a remedy for our financial trouble. For instance, he advocated charging the people from the West, as you used to do, 8 per cent, and the people from New York 4 per cent, instead of all of them 6 per cent.

Mr. PLATT. The gentleman is wrong there.

Mr. TINCHER. It looks to me as if the Federal Reserve Board is simply trying to put something over.

Mr. LUCE. Mr. Chairman, will the gentleman yield?

Mr. TINCHER. Yes.

Mr. LUCE. Does not the gentleman know that discrimination between sections is in existence to-day?

Mr. TINCHER. I know it is, but they can not discriminate between banks as to the rate of interest. They can not pick out a pet and discriminate on the rate of interest, and I tell you that the practical business men of this country would not stand for this legislation if they knew what it is. You have not had any hearings. The only people you have heard is the Federal Reserve Board, and they have come down here and convinced you that they are the proper doctor and that this medicine is good for the country. You have not heard a witness from the business world who advocated this treatment, and I would like to know more about the qualifications of the doctor.

Mr. LUCE. May I explain to the gentleman that under the Federal Reserve System ever since it has been in existence it has been possible for different rates of discount to be charged in different parts of the country. I understand that in Minneapolis to-day the rate is lower than it is in New York. The gentleman charges me with saying that I wanted discrimination as between sections. It already exists under the law.

Mr. TINCHER. The board to-day has no right to discriminate between banks on the rate of interest. When you give them that right you destroy the fundamental idea of the organization of the Federal Reserve System.

Mr. LUCE. This law gives no power whatever to discriminate as between banks.

Mr. TINCHER. This bill says it gives them the power. According to the proposed amendment, rates—

Subject to the approval, review, and determination of the Federal Reserve Board, may be graduated or progressed on the basis of the amount of the rediscount and discount accommodations extended by the Federal reserve bank to the borrowing banks.

And I heard the gentleman's argument, and it was for a discrimination in rates, to shut off a certain line of credit that ought not to be extended to any bank, and then I heard the gentleman from New York [Mr. PLATT], the chairman of the committee, say that already under the law the Federal Reserve Board has the right to deny any bank the credit it wanted, and so I was bound to arrive at the conclusion that the only object of this legislation is to permit them to discriminate on rates, and if that is the object of it, I am against it.

Mr. PLATT. The gentleman does not understand it, that is all.

Mr. TINCHER. What is the object of it?

Mr. PLATT. There is no discrimination in it; they have to make uniform rules to apply to all banks.

Mr. TINCHER. Let us get this into the Record. As chairman of this committee the gentleman says that if this bill passes the rates must be uniform, and that they can not discriminate as to rates of discount. Is that right?

Mr. PLATT. In any one section.

Mr. TINCHER. What does the gentleman mean by "any one section"? They can pick out one bank and give it a discount of 8 per cent and pick out another and give it a rate of 6 per cent?

Mr. PLATT. Oh, no; they can not do anything of the kind.

Mr. MADDEN. Yes; they can.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. TINCHER. The bill says that, and that is all that I know about it.

Mr. PLATT. If the gentleman wants to be wrong, there is no use in trying to explain this to the gentleman.

Mr. WINGO. Mr. Chairman, on the proposition of the amendment offered by the gentleman from New York [Mr. PLATT] I want to submit this to the committee. I may be wrong about it, but under the law, as understood by banks, a discount operation is an original operation. That is the way it is used in the Federal reserve act. That is, if a member bank runs short of funds, but does not care to take up any of its customers' paper, it can go up and get advances in the nature of discounts. The word "advances" and the word "discount" are used interchangeably in the act. The law authorizes a bank to give advances to a member bank on its own note. That is discounting a note of a member bank. If a member bank wants a rediscount, it takes a piece of paper it already has in its portfolio, a piece of paper that it has discounted for one of its customers, and takes that to the Federal reserve bank and rediscounts it.

The word "rediscount" and the word "discount" are separate things in the law, and they are used separately, but the word "advances" and the word "discount" are used interchangeably in the act, so that I think instead of cutting out the word "rediscount" the gentleman should cut out the word "discount" and put in the word "advances." I think that would be proper. He would cut out rediscounts entirely from the act if he substituted the word "advances" for the word "rediscount."

I had not intended to say much about this act. Gentlemen are unnecessarily alarmed about it. I want to offer this suggestion to the members of the committee. In my opinion, the Federal Reserve Board already has all of the power that this amendment will give to it. I think they feel so, although I have not consulted them about it, but the Federal Reserve Board has been cautious in not assuming authority that is not given to it by explicit legislation.

That is one thing those of us who are associated with the board and who have watched its operation have noticed, and that is that they are not trying to extend their power by implication. They have the power now and have the right to discount in one region different from another. They have the power, and Congress gave it to them, of making a different rate on commercial paper and a different rate on agricultural paper, and they exercise that power. Here is one thing proposed to be done by this amendment. It is not exactly like what I wanted to get. They say, for instance, they want to say to banks, "You shall have a line of credit in an amount equal to your capital stock and surplus." That is the old law before the Federal reserve act was enacted, and those of you who were here when the law was enacted will remember that I fought to have that limitation on the Federal reserve act, because I apprehended you would have inflation. We say that if you have the power to say that the rediscount of any member bank can be limited to the amount of capital stock and surplus we will put you back to the old limitations you had under the law before we passed the Federal reserve act. Now, they will say, "If you want to go beyond that, you must pay a premium for an additional line of credit." That is not new in the banking world. Under the private banking system, as I happen to know to my personal knowledge, at least one bank in St. Louis would say to a country bank of Arkansas, "We will give you a line of credit up to a certain amount, and we will give you an additional line of credit in an additional amount at an additional rate." That is nothing new in the banking world, and this bill proposes explicitly and expressly to give the Federal Reserve Board the right to do that. I think they ought to do that just as was the custom in private banking operations. It will enable them to put a check upon inflation of credits and not expansion of credits. Now, that is all there is to it, and there is nothing for anybody to have a fit about, because I am afraid it will not have any effect at all.

I am afraid it is a milk and water proposition that will not help the situation. I will be frank. I do not think there is much to it, and if I had my way this committee would report out a bill saying no bank in this country could have a line of credit from the Federal reserve bank in an amount exceeding the amount of its capital stock and surplus. The bankers of this country, some of them, have got the idea that the Congress and the Federal Reserve Board are responsible for inflation. The inflation of this country at the present time is an inflation of credit. Every bit of inflation of the Federal reserve notes is predicated upon an inflation of credit, and the bankers of this country are responsible for the inflation of their credit.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I ask for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas? [After a pause.] The Chair hears none.

Mr. WINGO. A man goes to his local banker and says, "I want \$10,000 with which to enlarge my plant, or I want to buy a little oil stock." Take the latter illustration. He says, "I can not let you have it." He says, "You can go to the Federal reserve bank and rediscount my note." "No, they would call that speculative security." Then he would say, "You have got my neighbor's note for \$10,000 in your portfolio; you can go and get that rediscounted." He is a good customer of the bank, so the banker says, "All right," and takes it to the Federal reserve bank. What does the Federal reserve bank do? It does not want to deny what in its opinion is a proper line of credit, so in practice as a matter of fact they pass the buck on one to the other. That is the kind of condition that has existed, and, as I said, under the present law, without any limitation, a bank with a capital stock of \$100,000 got over \$1,000,000 in rediscounts from a Federal reserve bank, and, be it said to the credit of the Federal Reserve Board, it was called down.

Mr. GOODYKOONTZ. Will the gentleman yield?

Mr. WINGO. I will.

Mr. GOODYKOONTZ. In view of the fact of what the gentleman stated, has the central board called on the bank and forced it to withdraw?

Mr. WINGO. No; it did not force it, but just simply said that it was reprehensible and should not be permitted.

Mr. GOODYKOONTZ. I would like, so as to have it go in the Record, for the gentleman to give the name of the reserve bank.

Mr. WINGO. I am not going to do that. I did not ask the name of that bank of the Federal Reserve Board, and I am not going to do so.

Mr. MANN of Illinois. Mr. Chairman, I do not profess to know much about banking or currency. I am not sure that I fully understand this bill, or I think I do understand it, but if I am in error I would like to be corrected. It is based on the assumption, first, there is now or may be in the near future or the far future too much credit currency and circulation, and that the Federal Reserve Board wishes to or ought to have the power to curtail somewhat the issuance of new volumes of currency based upon credit—

Mr. PHELAN. Will the gentleman yield for just a second?

Mr. MANN of Illinois. Not until I make my statement.

That now the Federal Reserve Board has the power, if it desires to exercise it, to refuse to any particular bank new currency for discount or rediscount, or advances, or whatever they are called, but that it does not desire to exercise that power as to individual banks, because the refusal of the Federal reserve bank to discount good paper in the notes of the bank, if it becomes known, might seriously injure the credit of the bank and possibly cause a run on it; that the only way the Federal Reserve Board can control the situation as it exists to-day is by increasing the rediscount rate, all banks in the same district obtaining the same rate upon the same paper; that if it increases the rediscount rate, that means the rate of interest goes up in that entire Federal district, and that in order to avoid the increasing of the rediscount rate on all the paper that is presented to the bank the board desires the power to increase the rediscount rate under regulations where banks are borrowing too much money under their rules. A bank may properly borrow, say, \$100,000 or \$1,000,000, or I do not know how much more, on the rate that is universal in the district for all banks, but when the bank has pyramided its credit and seeks to get a much larger line of discount from the Federal reserve bank of the district than normally they would be entitled to, they want to be able to say, in order to curb the desire of the bank, "If you want such a large credit, you must pay an additional rate of interest for the excess over the amount that banks are rediscounting here." Is that a fair statement, I will ask the gentleman?

Mr. PLATT. I think that is a very fair and a very clear statement.

Mr. MANN of Illinois. Well, if that is correct, I can see no possible objection to the passage of the bill. It seems to me that the tendency of the bill should be to keep down the interest rates to a certain amount of credit rather than to increase the interest rates on all the credits extended. If the Federal Reserve Board is convinced that there is too much asset currency in the country—and whether they are or not, I am convinced there is too much; I think that is one of the causes of the high cost of living—and they desire to hold it down when speculation becomes rampant in every direction, then they ought to have the power to give the ordinary rate of discount to the ordinary bank for the ordinary amount of money which the bank ought to rediscount and a much higher rate for the excess. That is not a punishment to the man in business. That is a protection to the

ordinary man in business who is borrowing money ordinarily from the banks, because it keeps his interest rate down. [Applause.]

Mr. STEVENSON. Mr. Chairman, I move to strike out the last three words.

I just wanted to make one or two statements and direct the attention of the gentleman from Kansas [Mr. TINCER] to the misconception which he had of this measure. Since the splendid statement just made by the gentleman from Illinois [Mr. MANN] I do not think anybody needs any more light on the intention of it. But the gentleman from Kansas fell under the misapprehension that this was increasing the powers of the Federal Reserve Board. That is not what it does. It is increasing the powers of the directors of the Federal reserve bank in the gentleman's region and in all the other regions. It is giving them the power to say to their customers, to the member banks, "Now, a legitimate line of credit is, say, 100 per cent of your capital and surplus, and you are all going to get the minimum rate up to that, but if you go above that you are getting more than your share, and the law says that in making loans to the member banks we must have due regard to the rights of all the other member banks." Manifestly, if the Kansas City bank, where it is about to exceed in its Federal reserve notes its gold reserve, has got to stop, and if a dozen banks have borrowed all it has up to that time, the other banks get nothing. And yet for what little the others do get they have got to pay as high a rate as the fellow who gets a monopoly. Now, the purpose of the bill is to give the directors of that bank the right to regulate that, of course to be approved by the Federal Reserve Board.

Now, the gentleman from Kansas [Mr. TINCER] speaks of discrimination. That is not discrimination. Whenever all those who conduct themselves in a certain way get exactly the same treatment and the same rate they are not discriminated against at all. There is no discrimination there.

I wish to call the attention of the gentleman from Kansas to another thing and then I shall be through. Of the agricultural paper carried on the 30th of last January in the United States in all the Federal reserve banks 75 per cent was carried in the Kansas City and Chicago banks, and on that date, because of the excessive loans in the New York district, the rate of discount was raised all over the United States, and the gentleman's farmers out there had to go up to 6 per cent, whereas they were getting their money before that at 4½ per cent; and it was raised, not because they were borrowing more than was necessary but because some other fellows somewhere else were borrowing more than was necessary, and it was a discrimination against them to make them pay a higher rate because of the fault of somebody else. This is a proposition to prevent that discrimination.

Then you know by whom the directors of the Federal reserve banks are chosen. The directors are given power. They are selected by the bankers in your own region. Of course, the majority of them are selected by the banks in that region, and you know they would not stand for anything that is discriminatory on the part of that board.

Mr. TINCER. I understand the gentleman is on the committee and is entirely familiar with the entire situation, and that he contends this legislation is in the interest of the borrowing farmers of my section of the country.

Mr. STEVENSON. Yes; and it is in the interest of the borrowing farmers in my section of the country. I was down there a short while ago, when the farmers were making their arrangements, and they are borrowing their money now on the basis that the banks are to have to pay the Federal Reserve Board 6 per cent, and if we do not do something to prevent them from having to borrow on that basis, because of the borrowing of too much money in another district, we are recreant to the interests of our constituents, who are not being protected in that matter. [Applause.]

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

Mr. STEVENSON. Mr. Chairman, I withdraw the pro forma amendment.

The CHAIRMAN. The pro forma amendment is withdrawn. The question is on agreeing to the amendment offered by the gentleman from New York [Mr. PLATT].

The amendment was agreed to.

Mr. PLATT. Mr. Chairman, if there is no further debate desired, I move that the committee rise and report the bill to the House with the amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The CHAIRMAN. The gentleman from New York moves that the committee do now rise and report the bill with sundry amendments to the House, with the recommendation that the amend-

ments be agreed to and that the bill as amended do pass. The question is on agreeing to that motion.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. SANFORD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 12711) to amend the act approved December 23, 1913, known as the Federal reserve act, had directed him to report back the bill with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. PLATT. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendments.

The question was taken, and the Speaker announced that the ayes appeared to have it.

Mr. WINGO. Mr. Speaker, I ask for a division.

The SPEAKER. The gentleman from Arkansas demands a division.

The House divided; and there were—ayes 68, noes 8.

So the amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill as amended.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. PLATT, a motion to reconsider the vote whereby the bill was passed was laid on the table.

EXTENDING FEDERAL FARM-LOAN ACT TO PORTO RICO.

Mr. PLATT. Mr. Speaker, I call up the bill H. R. 8038.

The SPEAKER. The gentleman from New York calls up the bill H. R. 8038. The Clerk will report it by title.

The Clerk read as follows:

A bill (H. R. 8038) to amend section 4 of the act approved July 17, 1916, known as the Federal farm-loan act, extending its provisions to Porto Rico.

The SPEAKER. This bill is on the Union Calendar. The House automatically resolves itself into Committee of the Whole House on the state of the Union, and the gentleman from Kansas [Mr. CAMPBELL] will please take the chair.

Thereupon the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 8038) to amend section 4 of the act approved July 17, 1916, known as the Federal farm-loan act, extending its provisions to Porto Rico, with Mr. CAMPBELL of Kansas in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8038, which the Clerk will report.

The Clerk read as follows:

Be it enacted, etc., That paragraph 2 of section 4 of the act approved July 17, 1916, known as the Federal farm-loan act, be amended to read as follows:

"The Federal Farm Loan Board shall establish in each Federal land bank district a Federal land bank, with its principal office located in such city within the district as said board shall designate. Each Federal land bank shall include in its title the name of the city in which it is located. Subject to the approval of the Federal Farm Loan Board, any Federal land bank may establish branches within the land bank district. Subject to the approval of the Federal Farm Loan Board and under such conditions as it may prescribe, the provisions of this act are extended to the island of Porto Rico; and the Federal Land Bank of Springfield, Mass., is hereby authorized to establish a branch bank at such point as the Federal Farm Loan Board may designate on the island of Porto Rico. Loans made by such branch of the Federal Land Bank of Springfield, when so established, shall be subject to the restrictions and provisions of this act, except that such branch bank may loan direct to borrowers, and that the rate charged borrowers may be 1½ per centum in excess of the rate borne by the last preceding issue of farm-loan bonds of the Federal Land Bank of Springfield.

"Each borrower through such branch bank shall subscribe and pay for stock in the Federal Land Bank of Springfield in the sum of \$5 for each \$100 or fraction thereof borrowed; such stock shall be held by the Federal Land Bank of Springfield as collateral security for the loan of the borrower; shall participate in all dividends; and upon full payment of the loan shall be canceled at par proceeds paid to borrower, or the borrower may apply the same to the final payments on his loan."

With committee amendments as follows:

Page 2, line 10, after the word "established," insert the words "shall not exceed the sum of \$5,000 to any one borrower and."

Page 2, line 16, after the word "Springfield," strike out the period, insert a colon and the following: "Provided, however, That no loans shall be made in the island of Porto Rico to run for a longer term than 20 years."

Mr. PLATT. Mr. Chairman, I do not mean to take much time to start with on this bill. The report explains it, and it explains itself. It is a bill to extend the benefits of the Federal Farm Loan System to the island of Porto Rico under certain limitations.

In the first place, the rate of interest may be 1½ per cent in excess of the rate borne by the last preceding bond issue from

the Federal land banks of Springfield; that is, one-half per cent more than the law requires or provides for in the States. Then we have limited the loans to \$5,000 to each person, and have provided that no loan shall run for more than 20 years.

I do not know that these limitations were necessary. The island of Porto Rico is densely populated and well cultivated and has a good deal of good farming land, but the committee thought it was wise to put in these limitations for two reasons.

In the first place, the matter is a little new and the sort of agriculture pursued in the island of Porto Rico is quite different from that in the United States. The lands are different. Most of the loans, we expect, are likely to be taken apparently by coffee plantations.

The second reason was that the limit of \$5,000 on loans will apparently cover all the necessities of the case. There are a great number of small holdings on these islands and a few very large holdings, sugar plantations, and so forth, which are not affected by this at all because they can get credit outside and would have no use for this system.

We have extended the act to Porto Rico through the establishment of a branch bank connected with the Federal land bank at Springfield, Mass., which is the eastern Federal land bank. That is chosen because Porto Rico naturally comes into contact with New York City, through the fact that the steamers from the island mostly run to New York City.

With this preliminary statement I will yield 15 minutes to the gentleman from Porto Rico [Mr. DAVILA].

Mr. MORGAN. Will the gentleman yield for a question or two?

Mr. PLATT. I reserve the remainder of my time.

The CHAIRMAN. The gentleman from Porto Rico [Mr. DAVILA] is recognized for 15 minutes.

Mr. DAVILA. Mr. Chairman, this is a bill to amend section 4 of the act known as the Federal farm-loan act, extending its provision to the island of Porto Rico. This law has been in force in the United States since 1917, and the great benefit derived by the farmers under its protection is the best commendation that can be made of said act. The people of Porto Rico are in extreme need of this legislation, and if this bill becomes a law you will help the island to develop its agricultural resources, will raise the farmers to a higher economic standard, and will contribute to create a new type of citizen useful to his country and independent from an economic point of view.

It is one of the anomalies of recent legislation conferring Federal supervision upon such subjects as vocational education and the extension of financial aid to small farmers that none of these benefits have been extended to the people living in the insular possessions. And, of all the insular people, the inhabitants of Porto Rico are in far greater need of the benefits that will accrue to the small farmers from the passage of this legislation than any other.

I think I can make this clear in a few words and without the slightest trace of rivalry. Let us consider our insular possessions, the Philippines and the Hawaiian Islands. The first were acquired by the United States at the same time as Porto Rico; it is the avowed policy of one of the great political parties, or, rather of the two great political parties, of this country to ultimately admit these islands into the family of nations. They are in better condition than Porto Rico from an economical point of view and have shipping facilities, good markets, and natural resources which will contribute largely to develop the progress of the country.

Let us consider the Hawaiian Islands. There is now pending before Congress and will within a few days be up for the consideration of this House a measure for the relief of the small Hawaiian farmers. In that legislation you deal with them in the same generous fashion in which you have in past dealt with the American Indians here in continental United States. In addition to the homesteads that are opened up to small farmers from time to time, it is proposed to immediately withdraw approximately 200,000 acres of land and to settle upon this land every Hawaiian family of no less than one thirty-second part of the blood of the races inhabiting the Hawaiian Islands previous to the discovery by Capt. Cook.

While much of this domain consists of lava rock which will test the agility of a goat to find subsistence, yet a sufficient area of agricultural lands is included to insure to every Hawaiian family a homestead. It is also provided that they shall never be disturbed in the possession of their homes by vesting the title in the United States, exacting a nominal rental from the lessee of \$1 per year for the entire tract, and stipulating that it can never be sold or otherwise disposed of to corporations or the predatory interests that prey upon dependent people.

With this legislation the Hawaiians will never have to come here and plead with the American Congress for the extension of

the farm loan act to their small farmers, for not only do you forever protect them from the tender mercies of rent-racking landlords but you provide a special fund that will afford them all the cash loans that might otherwise be provided by the extension of this farm loan legislation.

Instead of opening up the highly developed cane lands to homesteading or for the purpose of the Hawaiian Homes Commission, it is proposed that these lands, which as a class are the most productive and remunerative of any agricultural lands anywhere on earth, shall continue to be leased out under the existing plantation system. The proceeds are to be converted into a million dollar home loan fund, from which the commission is authorized to loan to any Hawaiian lessee a sum not exceeding \$3,000 at 5 per cent interest to be extinguished in 30 years. It is intended that this plan will enable the small Hawaiian farmers to erect and purchase the necessary buildings, implements, and live stock with which to begin the battle of life. Mr. Chairman, I wish to say right here, on behalf of the Porto Rican people, that we do not begrudge the inhabitants of the Hawaiian Islands any of the benefits of this legislation. They are entitled to these benefits, they have sufficient land to make these reservations to the natives, and you are merely doing justice to them granting these concessions to the needy people of those islands. [Applause.] But our conditions are different from those of the Hawaiian, and, of course, you have to help in a different way the people of Porto Rico. The difference of chief importance lies in the density of population, which is not the case in Hawaii. Here in the continental United States you are not yet crowded for land upon which to grow the food necessary to your existence. There is still enough for every man to acquire a freehold if he hears the call and has a yearning to return to the soil.

But, gentlemen, consider the conditions in Porto Rico! You have there a little island of 3,606 square miles, including mountain and ravine, and a population of 1,300,000. They have only about \$4,000,000 in circulation in the island, and they have thirteen hundred thousand people. They have less than \$4 per capita of circulation, while in the continental United States you have about \$50. You have nothing approaching that condition anywhere in this country, except in the vicinity of the great cities, and to find a parallel you must look to the islands of the Far East or the other teeming populations of the globe.

We are not here asking for largesses or special favors, but only that equal justice be accorded us, and I think that if we can demonstrate that the small farmers of Porto Rico are suffering under a more intolerable burden than any people of their class under the American flag, then they will not appeal to you in vain.

The numerous laws that have been written upon your statute books following the granger movement that started in the Western States many years ago has insured to every American farmer in the continental United States an open market and a competitive system of transportation for the movement of his crops.

The position of the Philippine Islands and the laws that have been enacted by their native assembly have insured to the producers of those islands not only intercourse with but a market among the people of the mainland of Asia, the islands of Japan, and the possessions of the British Empire in the Pacific.

I have already spoken of the Hawaiian people. Let me refer to them again long enough to say that when they were enumerating the conditions from which they are about to be relieved they explained that they were at the crossroads of the Pacific and that their harbors were teeming with ships; that the conditions that had brought the Yankees from the west to monopolize their plantations and the "Yankees" from the Orient to monopolize their labor and threaten to monopolize the population had brought some compensation in the shape of a vast tonnage that enabled them to ship their products.

But this facility of transportation enjoyed by the farmers of continental United States, Hawaii, and the Philippines is denied to the small farmers of Porto Rico. They are off the line of travel. They are in the grip of a close shipping combine that not only denies them adequate transportation, but arrogantly turns a deaf ear to their pleas for additional tonnage because the Porto Rican small farmer is the victim of the coast-wise shipping laws. He can not hail the foreign ships to carry his fruits and vegetables to the Atlantic seaports during your long, hard winters when adequate transportation would prove a boon to both the Porto Rican farmer and the American consumer. [Applause.]

Being denied the privilege of producing the perishable fruits and truck crops, he is compelled to become a colono and grow cane for the big corporations that are fattening upon that island just as they are doing in Cuba, in Santo Domingo, in Hawaii, in

the Philippines, and in all the islands of the sea! Either he must become a cane colono and work out his existence for these big corporations or with his family he must retreat to a thatched hut in the mountains and eke out a mere existence as a producer of coffee. Under conditions that exist in Porto Rico today, and must continue to prevail until you extend to them the privileges of the farm-loan act, the small producers of that island will not be able to live nor to negotiate for the sale of their products in the manner that it should be the privilege of every free man to do. [Applause.]

Mr. Chairman, the people of Porto Rico are not unmindful of all that the American Government has done for them since the riddance of the Spanish régime. We realize the boon that has come through your system of education, of sanitation, of more liberalized law, and of the incalculable benefits that come with the opening up of commerce. But while you have brought inestimable blessing to the people of that island, you have not extended to them all the benefits of your legislation, and if you want you may help us to build up the small farmer, to educate our people, to obtain transportation facilities, to improve our harbors, to develop our fisheries, and to make of Porto Rico a self-supporting country. [Applause.]

You point with pride to the marvelous agricultural development on the island since the American occupation. Indeed, it has been marvelous. From a production of 40,000 tons of sugar, it has grown in 20 years to a production of 500,000 tons, outdistancing any of the agricultural activities under the American flag, unless it be the rise of the beet-sugar industry of the West. And yet, gentlemen, it was not a healthy American agricultural system that was being developed there, such as this very farm-loan legislation is designed to produce. It has witnessed the gradual extinction of the small native farmer, simply because he could not get financial aid such as is here proposed, and the absorption of his holdings by immense planting corporations, operating alike in defiance to statute law and sound economic law and producing a system of absentee landlordism that must inevitably result in social unrest, anarchy, and bolshevism. [Applause.]

Mr. UPSHAW. Viva Porto Rico! Muchas gracias, señor. [Applause.]

Mr. WINGO. Mr. Chairman, I do not agree with the committee on this bill and I am opposed to it, and I will state briefly my objections to it.

It is conceded that the conditions in Porto Rico are very bad. In other words, the very conditions that are urged in support of the necessity of extending the farm loan act to Porto Rico are conditions which, I think, make it unwise to mix up Porto Rican business with the farm-loan system of this country.

It is true that operations in Porto Rico are limited to one farm-loan bank, and that is the Springfield, Mass., bank. It is also true that they limit the loans to \$5,000, and limit them to 20 years.

One argument that is made in favor of attaching the Porto Rican farm loan business to the Springfield bank is that the Springfield bank is not now making any money. To my mind that is a reason why we should not load this doubtful business on that bank if it is being run at a loss now.

But my objection to this bill is more fundamental than that. Gentlemen recall that under the farm loan act, section 21, it is provided that—

Every Federal land bank issuing farm loan bonds shall be primarily liable therefor, and shall also be liable, upon presentation of farm loan bond coupons, for interest payments due upon any farm loan bonds issued by other Federal land banks and remaining unpaid in consequence of the default of such other land banks; and every such bank shall likewise be liable for such portion of the principal of farm loan bonds so issued as shall not be paid after the assets of any such other land banks shall have been liquidated and distributed: *Provided*, That such losses, if any, either of interest or of principal, shall be assessed by the Federal Farm Loan Board against solvent land banks liable therefor in proportion to the amount of farm loan bonds which each may have outstanding at the time of such assessment.

Mr. CANNON. Will the gentleman yield?

Mr. WINGO. I yield to the gentleman from Illinois.

Mr. CANNON. I think this is a very important bill. I agree with the gentleman, and I think we ought to have a quorum present to hear his full discussion of this bill. I do not make the point to use up time. I make the point that there is no quorum present, Mr. Chairman.

The CHAIRMAN. The gentleman from Illinois makes the point of order that there is no quorum present. No quorum is present. The Clerk will call the roll.

The Clerk called the roll, when the following Members failed to answer to their names:

Almon	Ayres	Barkley	Bland, Ind.
Anderson	Baer	Bell	Bland, Mo.
Anthony	Bankhead	Blackmon	Booher

Brinson	Fess	Kelly, Pa.	Sabath
Britten	Fields	Kendall	Sanders, N. Y.
Brumbaugh	French	Kennedy, Iowa	Scully
Burke	Fuller, Mass.	Kless	Sears
Byrnes, S. C.	Gallivan	Langley	Siegel
Campbell, Pa.	Gandy	Lazaro	Sims
Cantrill	Gard	McCulloch	Sinnott
Carter	Garrett	McKenzie	Slomp
Casey	Good	McLane	Small
Clark, Fla.	Gould	MacGregor	Smith, Ill.
Cooper	Graham, Ill.	Mansfield	Smithwick
Costello	Graham, Pa.	Mason	Snell
Cramton	Greene, Vt.	Mays	Steagall
Curry, Calif.	Griest	Merritt	Steele
Denison	Hamill	Monahan, Wis.	Strong, Pa.
Dent	Hamilton	Morin	Tague
Dewalt	Hardy, Tex.	Nelson, Mo.	Thomas
Doremus	Hastings	Nicholls, S. C.	Timberlake
Drane	Heflin	Nolan	Treadway
Dunn	Hill	Oliver	Vare
Dyer	Hoey	Olney	Wason
Eagle	Howard	Parker	Wheeler
Edmonds	Johnson, Miss.	Rainey, H. T.	Williams
Ellsworth	Johnson, S. D.	Riordan	Winslow
Elston	Juul	Rosenberg	
Esch	Kahn	Rose	
Ferris	Kelley, Mich.	Rowan	

The committee rose; and the Speaker having resumed the chair, Mr. CAMPBELL of Kansas, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having under consideration the bill H. R. 8038, amending the Federal farm-loan act, and finding itself without a quorum, had caused the roll to be called, when 310 Members answered to their names, and he presented a list of the absentees.

The committee resumed its session.

Mr. WINGO. Mr. Chairman, when the gentleman from Illinois [Mr. CANNON] made the point of no quorum I was discussing the question of the liability of these banks. Some of the Members who were not present when I started out possibly may be interested to know that the pending bill is a bill to extend the Federal Farm Loan System to Porto Rico by authorizing the Federal farm loan bank at Springfield, Mass., to do business in Porto Rico through a branch bank.

Now, Mr. Chairman, I want to state briefly my objections to this bill. The main objection is one of liability. If the Members of the House will give me their attention, I would like to call their attention to these facts.

Under the farm loan act, section 9, whenever a farmer in Arkansas or Illinois wants a loan he has to join the local association and has to subscribe an amount equal to 5 per cent of his loan of the capital stock of the association. Each individual applicant has to become a stockholder to the extent of 5 per cent of his loan. Now, he is liable on that stock to an amount equal to that over and beyond the amount of the stock itself—just like a stockholder in any other corporation would be.

When the farm loan association wishes to forward his application to the farm loan bank, it has to subscribe to an equal amount of the stock of the farm loan bank. So he becomes indirectly responsible because the stockholders of the farm loan bank are the local association, and the local association as stockholders are liable absolutely for the losses of the farm loan bank. The individual farmer, the borrower, is liable, in addition to the stock he has subscribed, to pay and bear the loss, because he is liable for the losses of the local association.

Now, what happens under section 21, which I had just read before the point of no quorum was made? I will read it again.

Every Federal land bank issuing farm loan bonds shall be primarily liable therefor, and shall also be liable, upon presentation of farm loan bond coupons, for interest payments due upon any farm loan bonds issued by other Federal land banks and remaining unpaid in consequence of the default of such other land banks; and every such bank shall likewise be liable for such portion of the principal of farm loan bonds so issued as shall not be paid after the assets of any such other land banks shall have been liquidated and distributed: *Provided*, That such losses, if any, either of interest or of principal, shall be assessed by the Federal Farm Loan Board against solvent land banks liable therefor in proportion to the amount of farm loan bonds which each may have outstanding at the time of such assessment.

Now, gentlemen, I think if you have followed me you will see that every farmer in the United States who is now a borrower and a member of the Farm Loan System will become to the extent which I have described liable for the bonds that are issued upon the Porto Rican business.

I have not been in Porto Rico. I want to be fair, and I will be fair, with you. The very reasons presented to me by friends of this measure showing the necessity for some relief to those people down there are the very reasons that make me afraid to attach this business to the Farm Loan System of this country. If they want to organize a separate land bank system, under control of the Federal Government in Porto Rico, and let it stand on its own feet, I am willing for the Government of

the United States to go to the extent of furnishing the capital stock down there, but I do insist that you ought not to jeopardize the securities of the farm-loan banks of Arkansas, Illinois, and Indiana, and all the States of this Union, for it is not fair. It is bound to have a depressing effect on our farm-loan bonds.

Mr. LITTLE. Will the gentleman yield?

Mr. WINGO. Yes.

Mr. LITTLE. I have been told that the farming lands in Porto Rico are highly cultivated. What is the matter; what has the gentleman in mind?

Mr. WINGO. I do not know what the matter is, but the fact is that a distressing condition exists in Porto Rico. Nobody but the large landowners, the large coffee growers, are prosperous. I do not know whether we will be able to extend aid to the little fellows or not. I do not know whether it would be a success or not. But we have tried corn in Illinois, we have tried cotton in Arkansas and Mississippi, we have tried wheat in Nebraska, and we know what kind of farming conditions we have, and we can very safely permit loans to farmers of those States to be connected with our system.

Mr. McKEOWN. Will the gentleman yield?

Mr. WINGO. I will.

Mr. McKEOWN. Do they have to form some kind of an association in Porto Rico under this bill or is it the intention to have them subscribe directly?

Mr. WINGO. I am not sure, the chairman will correct me if I am wrong, but I think they organize under the provisions of existing law. They might authorize direct loans if they wished. My objection goes not so much to the details but to the principle. It is loading new business in a new territory onto our system, and business of a territory where the farming conditions are very different from what they are in the United States. I repeat that I will vote to give them a land bank and take the money out of the Federal Treasury to furnish them their first capital until they are put on their feet, but I do not want it tied up with our system, which would depress the farm-loan bonds and make them pay an additional premium. That is my objection, and it is to the principle and not because I do not want to help Porto Rico.

Mr. SMITH of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. SMITH of Michigan. I notice that in line 13, on page 2, of the bill there is the following language:

Except that such branch banks may loan direct to borrowers.

Mr. WINGO. That is right.

Mr. SMITH of Michigan. And I am wondering if they require the borrowers to give real estate security.

Mr. WINGO. I think that would be true, even if it were not in there. That means this: As I recall the farm-loan act now, it permits the banks where they find necessity for it to loan direct, where they can not get enough together to organize an association, and that being a part of the general law, the Springfield bank could authorize that, even if they did not put it in the bill.

Mr. MORGAN. How is this branch bank going to make original loans if it has no capital? It has no money.

Mr. WINGO. The Springfield bank?

Mr. MORGAN. Does the gentleman mean to say that under this bill they would take a part of the cash out of the Springfield bank and put it in the branch bank?

Mr. WINGO. They authorize the Springfield bank to establish a branch in Porto Rico; that is what I understand.

Mr. MORGAN. What restrictions would there be on the amount of cash they could take out of the Springfield bank and put into the bank down there?

Mr. WINGO. There are no restrictions except those placed in the bill. I was not interested in that question. My objection was to a question of principle. I am willing to give Porto Rico a Federal land bank, but let us have it independent, let it stand alone, and not make the borrowers in the United States liable for any loss that might occur down there.

Mr. PLATT. Does not the gentleman think the directors of the Springfield bank and the members of the Federal Farm Loan Board are pretty likely to carefully scrutinize every loan? They are paying 8, 12, 15 per cent now and getting away with it, and they surely can get along if we loan them a little money at a reasonable rate.

Mr. WINGO. Instead of undertaking to extend this act, which is now in its formative period, I am in favor of not amending it at all until we have given it a trial. Instead of extending it so as to give greater benefits to the farmers of the United States, you come here with this proposition and tie

it up with a business that you do not know will be successful, because you say private enterprise will not go down there now except at exorbitant rates.

Mr. PLATT. Oh, that is not quite fair.

Mr. WINGO. Let us extend this to the people of the United States. First let us improve the act. Let us take up the question of personal credits. We never have solved that for the farmers yet. That is a problem to which we should address ourselves as a committee, instead of going off and extending the provisions of this act to the isles of the seven seas. If you give this to Porto Rico, then the Virgin Islands will come and say that you ought to give it to them because you have given it to Porto Rico, and then if we grab up some other island of the seas—the Island of Yap, or something like that—the people there will be coming along and saying to us that we must give it to them because we have given it to Porto Rico. Let us keep the Federal farm loan bank system clear for the present and wait until the Supreme Court determines whether or not it is a constitutional act. Let us put it on its feet, let us wait until we get beyond these abnormal times, and then will be time enough to tie other people up to it. In the meantime, if the situation in Porto Rico is so pressing as to need relief, bring in an original bill authorizing them to establish a land bank, and authorize the Secretary of the Treasury to subscribe to its capital stock. I will support that kind of a bill.

Mr. HUMPHREYS. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. HUMPHREYS. They have a farm-loan bank in Hawaii. I do not think it is a branch of any of the banks on the mainland. My understanding is that it is organized under the laws of the Territory. Is there any reason why Porto Rico can not have a bank organized just as the bank in Hawaii is organized?

Mr. WINGO. None whatever that I know of, unless the conditions down there are different, and I do not know what they are.

Mr. HUMPHREYS. There are more than a million people in Porto Rico and there are not more than 200,000 in Hawaii.

Mr. WINGO. There are over a million people in some of the South Sea Islands, where there are a lot of cannibals, but that would not make me want to extend the farm-loan system to those people and make the farmers of Illinois and Kansas and other States liable for trying to civilize them and install modern methods of farming. I think we ought to treat dependencies, or whatever you call them, as separate entities, and establish laws for them so that they will be separate and apart, and not jeopardize our affairs in continental United States.

Mr. HUMPHREYS. My suggestion was that, in view of the fact that there are a million plus population in Porto Rico, conditions there ought to be more favorable for them to establish a bank of their own than they are in Hawaii, where there are only perhaps 250,000 people.

Mr. WINGO. I think that is true. They come in and tell us that the small fellow there is frozen out because he has to pay from 12 to 18 per cent interest. That appeals to my sympathy, but I am talking about a practical, horse-sense proposition of how you will meet the problem. I say go and organize a separate bank to take care of them and help them, and subsidize it if you want to, but let us not tie them up with our domestic system.

Mr. BEE. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. BEE. If this Springfield bank holds its own and does not fail, would there be any danger of banks all over the United States being called on for any liability, or would liability be in the event that the Springfield bank should be swamped by this?

Mr. WINGO. Oh, certainly, that is true; they could not be liable except for failure.

Mr. BEE. Will the gentleman yield?

Mr. WINGO. I will.

Mr. BEE. Would it be the only way in which the other banks would be drawn into a liability?

Mr. WINGO. As a primary proposition they are liable now as long as the bank at Springfield is solvent. As long as the bank pays the coupons they could be forwarded to the Springfield bank for payment. I call attention to this. There are two reasons for the attaching of this to the Springfield, Mass., bank. One is that it is nearer to the port which does business with Porto Rico and the other is the Springfield Federal land bank is not a profitable bank. It is being run at a loss right now, and you propose to put some more uncertain business on that bank that is already in a non-profitable position.

Mr. PLATT. Is it not practically true that when the Springfield Bank goes into this new territory, it will make a high profit with no risk?

Mr. WINGO. Let me answer this, following to a conclusion the gentleman's logic. Take a bank that is about to fail. The cashier tells the board of directors that it is about to fail, that it is not making money; and suppose the board of directors would say, "All right, go out and make some more weak loans."

Mr. PLATT. The gentleman does not mean to indicate that the bank is about to fail, because they are gaining every day?

Mr. WINGO. I do not say that; but it is not making money. I think it will not fail unless you load this business on it, and I am afraid this might break it. Certainly it is in worse shape to stand up under the load on it of this new business than a bank that is making money, and that bank, I think, is running now at a loss.

Mr. PADGETT. It is behind about \$20,000, I think.

Mr. WINGO. More, I think.

Mr. BEE. Is there any sanctity about the Springfield Bank that makes it necessary that this bill should not be amended so as to tie the Porto Rico bank up to a strong and established institution rather than the weakest?

Mr. WINGO. I am opposed to tying it to any. I do not think it is fair to the Springfield bank. If you should undertake to tie this up to the St. Louis bank in my district, I should object. This Springfield bank has already a deficit, and now you propose to put on it this business which every man in this House knows is purely experimental. When private enterprise says that small loans in Porto Rico are risky you now propose to tie this business up to a bank that is not making a profit.

Mr. SMITH of Michigan. Is the Springfield bank asking for this legislation?

Mr. WINGO. I do not know. I think the people of Porto Rico are asking for it.

Mr. UPSHAW. Will the gentleman yield?

Mr. WINGO. I will.

Mr. UPSHAW. Is it not true that the main consideration before the House on this bill is not the condition of the Springfield bank, but to the island of Porto Rico, and that this Government should have every desire that the people of that island should succeed? And is it not further true that the fact that Porto Rico is a dependency makes something of pathos in the appeal? And does not the gentleman believe that it would produce a splendid spirit of good fellowship and gratitude on the part of Porto Rico to give it what it now needs and then be brave enough to say, "You act as a government"?

Mr. WINGO. Well, the gentleman is an idealist, and I sympathize with what he says, but I am not willing to tie this business up with the Georgia farm-loan system. I stated in my opening remarks, if the gentleman was here to hear me, I am in sympathy with Porto Rico and want to do something. I am willing to give Porto Rico a farm-loan bank, but my only objection is that you are tying them up to the banks of Georgia, making the farmers of that Commonwealth liable, and I know the farmers of Georgia are not in favor of that legislation, and he will find that they are not so idealistic as he is on that point.

Mr. DAVILA. I want to state to the gentleman that during the great emergency of the war the people of Porto Rico were ready to help the United States. They sacrificed their lives, their money, everything they had. There is not a country more devoted and friendly to the people of the United States than the people of Porto Rico. We have not been selfish with our lives. Are you going to be selfish with your money? No people have been more patriotic or loyal than the people of Porto Rico, and I think that the gentleman realizes this.

Mr. WINGO. The trouble with the gentleman from Porto Rico is that he thinks to use horse sense is selfishness; but I hope the gentleman has not inferred from anything I have said that I question the loyalty and the patriotism of the people of Porto Rico, and I hope he has not inferred from anything I have said that I am unfriendly to Porto Rico. I think, and I repeated the statement time and time again, that I am willing to go into the Treasury of the United States and take a specific sum, so as to know what the liability is in order to subsidize a land bank for them. I have tried to make it plain that I would go that far; but what I objected to is the plan of tying on and making the farmers of the United States liable under such a proposition as is proposed here. And I am willing to go the limit, because I do feel there is some extraordinary obligation to the people of Porto Rico and the Virgin Islands and these other people, but I am opposed to this plan of making the farm-

ers of the United States liable for an experimental operation in Porto Rico.

That is the point I am trying to make. I yield to the gentleman from Oklahoma [Mr. MORGAN].

Mr. MORGAN. The gentleman said he would be willing to establish a special bank for Porto Rico. Does the gentleman mean it would be a part of our system in any way?

Mr. WINGO. No; separate and independent, the land banks in the United States not being liable for any of its debts or any of its bonds. Let it stand on its own feet, with its own board of directors and its own bonds. Give them the benefit of mobilizing these farmers' securities down at Porto Rico. Give them the experience and the organization of our Farm Loan Board. Give them the benefit of capitalization out of the United States Treasury. When we have done that, I think we can take care of them and meet their needs without jeopardizing our own farm-loan bonds.

Mr. DAVILA. I want to say to the gentleman from Arkansas that the Legislature of Porto Rico approved a bill creating a people's bank in Porto Rico, but this bill was vetoed by the governor, a man appointed by the President of the United States. If you grant to the people of the island full self-government powers, with a governor elected by the people, I assure you that we will not come any more to the Congress of the United States asking for help.

Mr. WINGO. The gentleman has not heard me opposing their having absolute independence. If I had my way I would give them their absolute independence to-morrow, and in addition I would be charitable and try to protect you, because you are our neighbor and your people under the law are citizens of this country.

Mr. STEVENSON. Will the gentleman yield to me?

Mr. WINGO. Yes.

Mr. STEVENSON. I just wanted to direct the gentleman's attention to the fact that he did not intend, although it might be construed as an intimation, that the Springfield bank was badly managed.

Mr. WINGO. I made no such assertion as that, and hope I have not said anything that even intimated such a fact.

Mr. STEVENSON. And that it was in a precarious condition. The gentleman, I know, understands it is simply because it has not written enough of business on its own books for the 1 per cent which it has to make in order to begin to pay all expenses, but there is nothing insolvent about it. It has simply got to go on like life insurance companies, until it gets enough business on its books so that it can have 1 per cent in order to go ahead.

Mr. PLATT. Mr. Chairman, I yield 15 minutes to the gentleman from Iowa [Mr. TOWNER].

Mr. TOWNER. Mr. Chairman and gentlemen of the committee, the most careful examination has been made with regard to this legislation. The matter was presented first to the governor of Porto Rico, who is, as you know, an American citizen. By him it was very strongly recommended. The matter was then referred to the Insular Affairs Bureau, which has immediate oversight of our insular possessions. The bureau made a most careful investigation regarding the matter and gave the legislation its enthusiastic approval. An investigation was then made by the Committee on Insular Affairs, of which I am the chairman. We became convinced, those of us who investigated the matter, that the legislation ought to be enacted. Then followed an investigation by the Federal Farm Loan Board. It likewise made a most careful investigation regarding the proposition. And they have likewise approved of this legislation. They themselves formulated the bill which was presented to the committee. The matter was then investigated by the Committee on Banking and Currency. That committee also reported this bill practically unanimously. There was some opposition, as you know.

The objections that have been made, I think, can be entirely and, I hope, satisfactorily, answered. It is suggested, in the first place, that it is unsafe for us to embark in this legislation, because all the banks of the United States and their stockholders would be liable for the loans made. Of course, that is a very remote possibility. In the first place, the Springfield bank is the bank to which these applications must be directly made.

Mr. LITTLE. Will the gentleman yield for a question?

Mr. TOWNER. I hope the gentleman will not interrupt me just now. If he will wait, I will be glad to yield.

The Springfield bank was selected as the bank to which applications should be made for two reasons. In the first place, because of the fact that it would not entail upon the United States and upon the borrowers from the Farm Loan Associa-

tion any additional expense. All of the expenses, except those directly incurred with regard to making the loans, will be paid by the Porto Ricans themselves, who become borrowers under the operations of this act. In the next place, we do not leave to a local regional bank, if one should have been established in Porto Rico, the approval of the loans to be made. We guard these loans by saying that they must be approved by an American regional bank. The American regional bank can not make any of these loans without sending their appraisers to pass upon the character of the applicant, to make a personal examination with regard to the condition of the property and the amount of the security and the condition of the title. All of those things are guarded. So it would seem as if we were carefully guarding against any loss that might occur, even more carefully guarding against any possible loss that might occur than we do with regard to our own banks in the United States. It is objected also that the condition of the Springfield bank, it being the weakest, as the gentlemen say, of the banks of the United States, would be possibly unable to carry the loans. The condition of the Springfield bank is just as prosperous as that of any other bank in the United States which has its operations compared with the Springfield bank. As was suggested by one gentleman here a short time ago, none of these farm-loan banks have become self-supporting until enough borrowers were secured to make them self-supporting. In Massachusetts and in New England the people have been slow to make applications for farm loans. That is the only reason why the Springfield bank is more backward than the others. That is the only reason why it is not now self-supporting. When it secures sufficient loans it will become self-supporting.

Mr. LITTLE. Mr. Chairman, will the gentleman yield? It was on that point that I wanted to ask the gentleman a question.

Mr. TOWNER. Yes.

Mr. LITTLE. Do you think if this bill is passed it will be of enough help to the Springfield bank to enable it to go ahead and make some money? Is that one of the reasons for this?

Mr. TOWNER. No. It will undoubtedly help the Springfield bank, but the Springfield bank will be amply able to take care of itself without Porto Rico. But Porto Rico will help.

Mr. LITTLE. But it is really as much help to the bank as to the Porto Ricans?

Mr. TOWNER. Certainly; so far as the mere monetary questions are concerned. So that these objections after all, it seems to me, gentlemen, are not very serious or very material.

Now, let us examine why this legislation should be enacted. The gentleman from Arkansas [Mr. Wingo] stated that he wanted to be friendly to Porto Rico because it was our next-door neighbor. Let me say to the gentleman from Arkansas that Porto Rico is not our next-door neighbor; it is not a neighbor of any kind. It is an integral part of the United States of America. [Applause.] And every man, woman, and child in Porto Rico to-day is an American citizen. We owe to them just as much obligation as we do to our own citizens; nay, more, in the degree that those who need it most should certainly have the first claim on our attention, Porto Rico does need it most.

Let me say to you gentlemen that Porto Rico 20 years ago was probably the poorest country in all the world. It is poor yet, and whatever progress has been made, almost all the property that has been acquired, has been acquired under the American flag during those 20 years. Under Spain Porto Rico was milked dry. They kept the people of the island so low in the scale of economic prosperity that it could hardly be said that anybody could under any circumstances make anything more than a bare living.

That was Porto Rico when she came under the United States. Since the time of the American occupancy Porto Rico has prospered wonderfully, but she is yet poor, and especially economically poor. Gentlemen say, "Let them establish their own banks in Porto Rico."

Why, gentlemen, with a population of 1,200,000, the densest population of any of the American States or any of the American possessions, there is in Porto Rico to-day only \$4,000,000 of money in circulation. It has no provision by which men can borrow money on mortgage. The banks there do not loan money on mortgage. They do only a commercial business. Those in the island who desire to secure loans are compelled to do so at exorbitant rates, because of the fact that almost their only chance of securing money on even real estate security is from the local merchants, and the local merchants charge them from 10 to 12 per cent. The local merchant advances them money from year to year because of the fact that they can not get money in any other way.

And yet, gentlemen, these men are a land-loving and a home-loving people. There is, I believe, a greater proportion of land-

holders in Porto Rico than in any other of our outlying possessions.

Let me tell you about conditions with respect to land as they exist down there. The land is divided, according to the census of 1910, into 58,371 properties. The mean size of these properties is 38 acres. The average in the United States is 139 acres; and of the 58,371 properties there are 46,000 cultivated by their owners.

Now, what are the conditions that exist in Porto Rico? There is all manner and range of landholding and of operations, from the small landholder who owns only 5 acres up to the large landholders, mostly nonresidents, who own the sugar plantations, who have acquired many thousands of acres. It is not to help the sugar planters that this legislation is contemplated. It is to help the small landowners. They are mostly engaged in raising three varieties of crops. In the first place, coffee is one of their principal productions. The small landowner, with 5, 10, or 20 acres of land, may raise coffee and sell it, and may become reasonably prosperous, if he can ever get out of debt and out of the hands of the men who are now demanding from him 12 and even 18 and 24 per cent interest. Yet, gentlemen, in spite of this handicap the small landholders own land that has been in their possession and in the possession of their ancestors, some of them for more than 150 years. They are loath to give up their land. They love their home, even if it is just a little 5-acre tract up on the side of the mountain with a little shack for a home. They want a chance to improve it. They want a chance to have better homes. They want a chance to get out from under the grasp of the money lenders who are now preying upon them. A great many people think the Porto Rican coffee is the best that is raised in all the world. Then they raise a very high grade of tobacco there. There are many small tobacco plantations scattered over the island.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TOWNER. May I have a little more time?

Mr. PLATT. I yield to the gentleman five minutes more.

Mr. TOWNER. These tobacco growers are in the hands of the Tobacco Trust to-day. Their prices are fixed by the Tobacco Trust. Money is loaned to them on their crops, and sales must be made to the men who control the prices, because they have made the loans to these tobacco growers.

Then there are the fruit growers. Almost every kind of tropical fruit is raised in Porto Rico—pineapples, bananas, oranges, lemons. Almost all kinds of tropical fruit can be raised easily upon these islands. This legislation is to help these men as well.

The men engaged in these occupations are landowners living upon their land and desiring always to live upon it.

Titles to the land in the island are absolutely secure. They have one of the best systems in the world of securing titles in Porto Rico. No transfer of land can be made except by a government official, who certifies the title, which makes it absolutely secure.

All these things are to be taken into consideration. I do not think it is possible for gentlemen to imagine any greater need for this legislation or any greater security for it. Why should we not give them the benefit of the extension of this act?

I want to say this to the gentlemen of the committee, that I believe you could do no one thing that would help these more than a million people in Porto Rico, 75 per cent of whom are white people capable of making as good citizenship as we have anywhere under the American flag. These people all now look to the United States not for charity but for such help as should be given by any government on earth to its own citizenship. If we refuse it, what will they think with regard to the United States? They will think they are not regarded as citizens of the United States. They will think they are not entitled to the sympathy, love, and affection of the American people, although they have shown every possible devotion to the United States. These men will be led to believe that they are ignored and that we do not care what becomes of them. The very fact that we extend our aid to them under certain restrictions of safety will lead them to believe that we in fact do care for them, do regard them as a part of the citizenry of this great Republic.

So I believe upon every ground of safety and of expediency, and especially of obligation to our own citizens, this legislation should be enacted. [Applause.]

Mr. McKEOWN. Will the gentleman yield for a question?

Mr. TOWNER. Yes; I will be glad to.

Mr. McKEOWN. Is there any intention to enact legislation in favor of the citizens of Porto Rico that will be of greater advantage to them than that enjoyed by our own farmers under our own farm-loan act?

Mr. TOWNER. Certainly not.

Mr. McKEOWN. I notice that there is a provision under which they do not need to form these associations.

Mr. TOWNER. It is true they do not have to form the associations.

Mr. McKEOWN. Why not?

Mr. TOWNER. But they are compelled to make the same contribution as a guaranty to the safety of the loan that is made by people in the United States. It is only for the purpose of having these matters passed upon in the United States and not by the local association—another guaranty of the safety of the act.

Mr. PLATT. Mr. Chairman, how much time have I used?

The CHAIRMAN. The gentleman from New York has 22 minutes remaining and the gentleman from Arkansas 27 minutes remaining.

Mr. PLATT. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. DEMPSEY].

Mr. DEMPSEY. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes out of order.

The CHAIRMAN (Mr. WALSH). The gentleman from New York asks unanimous consent to proceed for 10 minutes out of order. Is there objection?

There was no objection.

Mr. DEMPSEY. Mr. Chairman and gentlemen, there was placed upon the desks of all Members of Congress within the past two or three days the issue of the bulletin of the Atlantic Deep Waterways Association for the month of March. Ordinarily I think it is not of sufficient importance to answer a newspaper article to ask for time on this floor. But this bulletin contains an article on the river and harbor bill which passed this House in January. The bill is now pending before the Senate Committee on Commerce. A determined effort is being made to change the result attained in this House, and I believe that one of the incidents of that effort is the article which appears in this bulletin. It is for that reason I desire to answer it, and because the writer has a total misconception of how the bill was passed by the House and of the effect of its provisions.

In the first place, the article assumes that the bill was passed in the House as the result wholly of pressure from the management on the Republican side. In other words, that it was the result of pressure by the steering committee. The article itself refutes that charge, because it says that the bill passed this House by a vote of 167 to 35, nearly 5 to 1. An examination of the RECORD will show that that vote was fairly well divided between the two sides of the House. While more votes came from the Republican than from the Democratic side, it was by no means a partisan vote, and it was not a partisan measure. And no such overwhelming majority, coming from both sides of the House, could have been secured by pressure from the Republican steering committee or in any way except through the belief of the Members that the bill was a good one. So, as I say, the article contains on its face a refutation of the charge that the bill was reported and passed in the form in which it left the House as the result of pressure from the steering committee. Next, the article asserts that the measure was presented to the House without opportunity for a reasonable consideration of it and that all the Members were not present who could have been and would have been present if there had been enough time for them to get together. What is the fact? The fact is there were 17 members of the committee present at the session when we voted on the measure—17 out of 21, a remarkably large attendance for a committee meeting.

The next fact is that the committee voted 16 to 1 to report the measure as it came before this House—almost unanimously. Surely the Republican steering committee could not and did not compel or even influence the Democrats on the committee to join with the Republicans in a favorable report on the bill. So the charge of undue pressure on the part of the Republican steering committee disappears, and it is a fact that no such pressure was even attempted.

The next question is, What do they criticize as the result of the passage of the bill? They criticize certain specific items. Let us see what the items are. First, they say the gentleman from North Carolina [Mr. SMALL] introduced a substitute, and they give the substitute which he offered, which embraces some 54 projects, and those 54 projects were to have appropriated for them certain specified sums.

I will present to the House a list of the projects, showing the amount on hand to the credit of each project, the amount which was expended in 1919 upon each of them, and the average annual expenditure for each of them for the last five years.

You will find on examining this list that we have on hand to the credit of each of these projects in practically every case, without any additional appropriation, as large an amount as we have expended on them annually on the average during the last five years.

The article says nothing about the substitute which was introduced by the Member from North Carolina, but they leave the inference to be drawn that it would have been to the interest of the country for the House to have adopted this substitute without making any claim whatever in respect to it. I leave you to judge of this on consideration of the facts shown by the table to which I have referred, but I think you can reach no conclusion but that the House acted wisely in defeating the substitute. Then the article takes up specific items. I shall go through the items and I hope to show that the charges as to them are without any foundation.

The writer says that four or five projects which he enumerates will be without adequate funds; that they can not be completed within the estimated time; and that money will be lost because of the delay. Let us see whether any of these charges are true. Take the East River, the first item specified. We have on hand practically \$5,000,000. We spent last year only \$234,000, and we can not spend the money on hand in the next two years if we do the work with the utmost expedition and use every agency possible with which to proceed with the work. So that so far as East River is concerned there is absolutely nothing to the charge.

The next item is the Delaware River. There is on hand to the credit of the Delaware River project \$1,000,000, and that is as much as we have spent, yearly, on the average for the last five years, and more than we spent last year.

The article says that the work on the Beaufort, N. C., canal will also lag for same reason. What is the fact in respect to that canal? They have \$910,295 on hand, and it was not even suggested before the committee that they should be granted any additional sum.

The writer next refers to the Delaware and Chesapeake Canal, and says that is another project which will suffer. The Government took over that canal, and when it paid the purchase price it had \$480,000 left. That is an abundant sum with which to do all of the work that can be done with proper economy in the coming year.

The bulletin also claims that the improvement of the Schuylkill River will suffer from the appropriation being too small. I have not the figures before me and speak from recollection, but, as I recall, this project has \$300,000 or \$350,000 to its credit and the engineers asked for an additional \$50,000.

The article says further that certain other projects on the eastern coast, without specifying them, will also be retarded in the progress of their work because of insufficient appropriations. Of course, it is impossible to answer an indefinite charge like that; you would have to take all the projects and refer to each of them separately; you do not know which ones they mean. It must be remembered, too, that the projects named by this writer will share in the distribution of the \$12,000,000 appropriated by the bill in addition to the amounts to their separate credits.

It seems plain that this article was written by some one who did not know the facts, and who, in ignorance of them, thought that the amount of the appropriation should be increased. I assume that there was no malice in the article, no intention to misrepresent, nothing but error as to the facts; but the bill passed the House, after the most careful consideration, by an overwhelming majority, and a plain statement of the facts will, I feel sure, convince the public and the writer of this article as well that the House acted wisely. We have given the waterways all that they need for commercial purposes. They have \$60,000,000 of unexpended balances on hand to-day, and we have given them \$12,000,000 more. We have given them abundant funds, not only full measure but overflowing, and there is not the slightest reason why anyone should complain. I have a very great sympathy with the project for deeper Atlantic waterways. I have always been in favor of it. During the time that the Hon. J. Hampton Moore was here as a Member of Congress he championed the cause of deeper waterways, eloquently and well. A great majority of us agreed with him, and I agree with him to-day; but I do think that such articles as this should not be inserted in this publication at this time, calculated, if not intended, to influence the action of another House upon a measure which this House disposed of in the way I state. [Applause.]

The table to which I referred respecting the amounts of money on hand and the sums heretofore expended on the projects described in Mr. SMALL'S amendment is as follows:

Data on projects covered by Mr. Small's amendment to the river and harbor bill.

Project.	Proposed appropriation.	On hand Nov. 1, 1919.	Expended fiscal year 1919.	Average annual expenditure past 5 years.	Commerce.	
					Tons.	Value.
Pollock Rip Channel, Mass.	\$73,000	\$199,315	\$1,736	\$43,553		
Connecticut River below Hartford, Conn.	75,000	116,992	15,406	33,542	533,455	\$50,090,299
Greenwich Harbor, Conn.	14,000		86	40	77,025	13,380,230
East River, N. Y.	2,100,000	4,786,276	566,540	234,554	53,531,457	4,447,041,016
Hudson River Channel, New York Harbor, N. Y.	400,000	684,954	330,004	217,534	45,483,803	6,181,330,831
Newark Bay and Passaic River, N. J.	150,000	84,505	5,210	77,265	6,496,803	493,513,493
Shrewsbury River, N. J.	100,000	39,520	11,902	12,302	49,332	4,208,612
Delaware River, Pa., N. J., and Del.	2,000,000	1,136,096	822,907	1,000,649	24,967,446	2,726,118,519
Inland waterway, Delaware River to Chesapeake Bay.	1,000,000	480,000				
Baltimore Harbor and Channels, Md.	316,000	390,473	54,403	77,539	13,271,449	630,254,734
Norfolk Harbor and Channels, Va.	750,000	813,766	419,975	196,487	31,953,843	3,039,023,886
Cape Fear River at and below Wilmington, N. C.	600,000	506,493	83,223	126,016	459,062	43,817,720
Charleston Harbor, S. C.	400,000	1,143,353	240,119	94,993	520,683	68,564,958
Savannah Harbor, Ga.	300,000	678,157	371,501	208,188	1,540,057	479,235,230
Brunswick Harbor, Ga.	200,000	507,530	51,429	32,313	573,861	57,231,415
St. Johns River below Jacksonville, Fla.	301,000	84,536	254,961	298,135	1,491,019	99,909,781
Hillsboro Bay, Fla.	260,000	443,113	231,897	281,200	296,005	11,469,392
Alabama River, Ala.	32,000	27,073	33,554	58,144	62,782	3,649,463
Mobile Harbor and Bar, Ala.	150,000	275,989	284,513	175,621	1,323,997	69,127,463
Black Warrior, Warrior, and Tombigbee Rivers, Ala.	150,000	228,516	34,787	275,681	671,405	719,051
Pascagoula Harbor, Miss.	50,000	21,769	97,041	68,973	299,422	5,075,949
Gulfport Harbor, Miss.	50,000	32,357	122,149	78,869	179,924	3,597,180
Passes at mouth of Mississippi River.	1,500,000	691,313	1,592,083	835,640	9,087,084	665,579,937
Barataria Bay, La.	30,000	31,181				
Houston Ship Channel, Tex.	300,000	994,350	86,372	229,202	2,388,066	116,332,138
Freeport Harbor, Tex.	300,000	61,153	199,198	93,505	309,700	3,097,992
Mississippi River between Ohio and Missouri Rivers.	500,000	367,573	475,151	376,991	264,149	17,982,776
Mississippi River, Missouri River to Minneapolis.	1,200,000	586,875	756,431	943,573	696,503	17,570,003
Missouri River, Kansas City to mouth.	600,000	379,367	1,210,805	1,178,983	142,981	830,769
Tennessee River, Tenn., Ala., and Ky.						
Above Chattanooga.	140,000	140,081	169,095	216,093	529,299	2,801,202
Below Riverton.	75,000	66,427	87,900	106,219	280,602	5,783,318
Cumberland below Nashville.	300,000	591,215	186,685	368,150	48,208	626,927
Ohio River:						
Open channel work.	400,000	420,019	240,512	266,704		
Locks and dams.	1,000,000	4,954,884	3,615,333	4,527,989	6,171,412	77,685,322
Fox River, Wis.	40,000	10,922	16,133	15,179	165,936	1,356,533
Milwaukee Harbor, Wis.	175,000	25,896	5,998	9,363	7,086,550	362,564,868
Manistee Harbor, Mich.	17,000	34,646	25,636	65,170	44,223	997,199
Chicago Harbor, Ill.	40,000	661,211	28,744	213,075	1,925,633	202,214,032
Indiana Harbor, Ind.	200,000	585,764	49,363	76,566	3,098,692	29,657,264
Illinois River, Ill.	25,000	43,900	19,773	39,992	165,252	8,710,917
St. Clair River, Mich.	26,500	77,601	2,431	893	82,979,184	955,920,199
Detroit River, Mich.	700,000	754,786	9,451	56,106	88,855,520	1,023,615,590
Rouge River, Mich.	273,000	488,959	4,084	2,825	1,850,391	8,851,731
Oakland Harbor, Calif.	25,000	43,443	115,404	112,384	2,680,797	170,591,896
Humboldt Harbor, Calif.	406,000	382,483	5,131	229,105	305,073	14,180,067
Columbia and Lower Willamette Rivers below Vancouver, Wash., and Portland, Oreg.	500,000	393,833	387,367	331,800	5,661,037	134,490,409
Grays Harbor and Bar, Wash.	600,000	93,595	2,967	117,773	373,123	5,792,943
Honolulu Harbor, Hawaii.	150,000	8,648	14,646	56,048	1,625,669	175,119,965
Hilo Harbor, Hawaii.	150,000	8,974	155,976	118,804	348,143	41,993,752
San Juan Harbor, P. R.	200,000	394,520	12,604	9,771	1,162,664	141,735,851
		25,974,702	13,508,919	14,279,481		

Mr. PLATT. Mr. Chairman, I suggest that the gentleman from Arkansas use some of his time now.

Mr. WINGO. I suggest that we would better rise.

Mr. PLATT. I would like to finish the bill to-night if possible.

Mr. WINGO. Oh, the gentleman can not finish the bill to-night.

Mr. PLATT. I have only 12 minutes remaining. I do not know how much time the gentleman has.

Mr. WINGO. I have 27 minutes left, and there are some amendments to the bill. It will take an hour or an hour and a half to finish the bill.

Mr. PLATT. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WALSH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 8038, to amend the Federal farm-loan act, and had come to no resolution thereon.

EXTENSION OF REMARKS.

Mr. SUMMERS of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting therein a letter to a constituent.

The SPEAKER. The gentleman from Washington asks unanimous consent to extend his remarks in the Record by inserting therein a letter to a constituent. Is there objection?

Mr. GARD. Mr. Speaker, reserving the right to object, what is the topic of the letter?

Mr. SUMMERS of Washington. Concerning the work of the Congress, and some observations.

The SPEAKER. Is there objection?

Mr. BLANTON. I would like the gentleman to state upon what subject the letter is. Is it just the general work of Congress?

Mr. SUMMERS of Washington. Yes.

The SPEAKER. Is there objection?

There was no objection.

Mr. PLATT. Mr. Speaker, I move that the House do now adjourn.

POST-OFFICE APPROPRIATION BILL.

Mr. STEENERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 11578, the Post Office appropriation bill, with Senate amendments thereto, disagree to all of the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to take the Post Office appropriation bill from the Speaker's table, disagree to all of the Senate amendments thereto, and agree to the conference asked by the Senate. Is there objection?

Mr. PARRISH. Mr. Speaker, reserving the right to object, will the gentleman state whether they made any provision in that bill to take care of the rural-mail carriers who have to travel through congested territory such as the oil fields and other places, giving the Post Office Department any discretion in the matter of arranging their salaries?

Mr. STEENERSON. We had a provision for unusual conditions, and I notice the Senate amendment seems to enlarge it considerably. I have not had time to examine it.

Mr. PARRISH. I shall not object, but I hope that they will make some provision to take care of that situation.

The SPEAKER. The gentleman from Minnesota [Mr. STEENERSON] asks unanimous consent to disagree to all the Senate amendments on the Post Office appropriation bill and

agree to the conference asked for by the Senate. Is there objection? [After a pause.] The Chair hears none.

The SPEAKER appointed the following conferees: Mr. STEENSON, Mr. MADDEN, Mr. GRIEST, Mr. MOON, and Mr. ROUSE.

ORDER OF BUSINESS FOR TO-MORROW.

Mr. WALSH. Mr. Speaker, will the gentleman from New York [Mr. PLATT] withhold for a moment?

Mr. PLATT. I will.

Mr. WALSH. I wanted to ask the Speaker if any arrangement had been made in the House to-day relative to taking up the Private Calendar to-morrow for the consideration of unobjectioned bills?

The SPEAKER. There is not. No such arrangement has yet been made.

Mr. WALSH. I understood from the majority leader, who has been detained, that that was the intention, and while I do not feel that I have authority to make the request, I would like to ask the Speaker if he knew that that was the case?

The SPEAKER. The Chair understood that the request was to be made.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that to-morrow it may be in order to consider bills upon the Private Calendar, taking up the bills that are not objected to at the point at which the House left off consideration of the Private Calendar when it was last considered.

The SPEAKER. Is there objection?

Mr. WINGO. I presume, Mr. Speaker, that that will be under the same limitations as we had the other day?

Mr. MONDELL. Only those bills not objected to.

Mr. WINGO. In other words, we will just continue our consideration of the other day, under the same limitation?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I would like to ask the distinguished majority leader whether or not they have run out of something more important to do?

Mr. MONDELL. This is quite important. Gentlemen on both sides have bills on the calendar which they think ought to be considered, and we got only about halfway through the calendar the other day.

Mr. BLANTON. Are we still led to believe that we may have hopes of getting through by June 5?

Mr. MONDELL. I still entertain that hope.

Mr. GARD. Further reserving the right to object, is it the purpose to begin on the calendar where we stopped on the last Private Calendar day?

Mr. MONDELL. That was my request.

Mr. GARD. And go through the calendar and then stop, not returning over the same ground?

Mr. MONDELL. I believe the House could return to unobjectioned bills, but the request is that only bills not objected to, beginning at the point where the House left off. I have not an idea that we would get through with all the bills on the calendar during the day. As far as I am concerned, if the gentleman prefers to have it that way, I am perfectly well satisfied we shall go on through the calendar and not return.

Mr. CLARK of Missouri. What I want to know is when you are going to have a day here to consider these bills that some gentleman will hop up and object to?

Mr. MONDELL. My hope is that before long we may take up the Private Calendar in the regular way.

Mr. GARD. Will the gentleman modify his request so that the bills will only be those bills succeeding the point where we stopped the last time?

Mr. MONDELL. I have no objection to doing that.

Mr. WALSH. That is not necessary, because that is all that could be done anyhow.

The SPEAKER. Is there objection to the modification? [After a pause.] The Chair hears none.

SENATE BILL AND JOINT RESOLUTION REFERRED.

Under clause 2 of Rule XXIV, Senate bill and joint resolution of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 2528. An act to grant certain lands to the city of Pocatello, State of Idaho, for conserving and protecting the source of its water supply and as a municipal park site; to the Committee on the Public Lands.

S. J. Res. 180. Joint resolution authorizing the Secretary of War to turn over to agricultural fertilizer distributors or users a supply of nitrate of soda; to the Committee on Military Affairs.

LEAVE OF ABSENCE.

Mr. SIEGEL, by unanimous consent, was granted leave of absence for 10 days on account of serious illness in family.

ADJOURNMENT.

Mr. PLATT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 3 minutes p. m.) the House adjourned until Thursday, April 1, 1920, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Treasury, transmitting a supplemental estimate of appropriation, required by the Division of Public Moneys for "Contingent expenses, Independent Treasury," fiscal year 1920 (H. Doc. No. 707); to the Committee on Appropriations and ordered to be printed.

2. A letter from the Secretary of War, transmitting a tentative draft of a bill for the relief of certain officers in the Army of the United States, and for other purposes; to the Committee on War Claims.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. GARD: A bill (H. R. 13385) authorizing the Secretary of War to donate one captured German machine gun, mounted, to the city of Dayton, Montgomery County, Ohio, to be placed in Stuart Patterson Park in said city; to the Committee on Military Affairs.

By Mr. MAHER: A bill (H. R. 13386) to create a war status for the naval working forces of the World War; to the Committee on Naval Affairs.

By Mr. CARSS: A bill (H. R. 13387) to extend the time for the construction of a bridge across the St. Louis River between the States of Minnesota and Wisconsin; to the Committee on Interstate and Foreign Commerce.

By Mr. JAMES: A bill (H. R. 13388) to pension policemen and firemen in the District of Columbia; to the Committee on the District of Columbia.

By Mr. HAWLEY: A bill (H. R. 13389) to authorize the Secretary of the Interior to dispose of, at public sale, certain isolated and fractional tracts of lands formerly embraced in the grant to the Oregon & California Railroad Co.; to the Committee on the Public Lands.

By Mr. BRITTEN: A bill (H. R. 13390) for the relief of contractors and subcontractors, including material men, for work under the Navy Department, and for other purposes; to the Committee on Naval Affairs.

By Mr. PORTER: Joint resolution (H. J. Res. 325) terminating the state of war declared to exist April 6, 1917, between the Imperial German Government and the Government and the people of the United States, permitting on conditions the resumption of reciprocal trade with Germany, and for other purposes; to the Committee on Foreign Affairs.

By Mr. GOLDFOGLE: Memorial of the Legislature of the State of New York, protesting against the proposed St. Lawrence ship-canal project; to the Committee on Railways and Canals.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MOORES of Indiana: A bill (H. R. 13391) granting a pension to Eliza J. Gibson; to the Committee on Invalid Pensions.

By Mr. NELSON of Wisconsin: A bill (H. R. 13392) granting a pension to Charles F. Walker; to the Committee on Pensions.

By Mr. RICKETTS: A bill (H. R. 13393) granting an increase of pension to Thomas Sheron; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13394) granting an increase of pension to Elizabeth A. Whitehurst; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13395) granting an increase of pension to James W. Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13396) granting an increase of pension to Charles L. Taylor; to the Committee on Pensions.

Also, a bill (H. R. 13397) granting a pension to Victor F. Wilson; to the Committee on Pensions.

Also, a bill (H. R. 13398) granting a pension to Lafayette Fosnaugh; to the Committee on Invalid Pensions.

By Mr. SCHALL: A bill (H. R. 13399) granting a pension to Ernest B. Brown; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2705. By Mr. CARSS: Petition of sundry citizens of the United States, favoring the passage of House bill 1112, providing for the parole of Federal prisoners; to the Committee on the Judiciary.

2706. By Mr. CRAGO: Petition of the American Steamship Owners' Association, of New York, against compulsory classification of privately owned American registered tonnage; to the Committee on the Merchant Marine and Fisheries.

2707. By Mr. CULLEN: Petition of sundry citizens, favoring the Mason bill and recognition of Ireland; to the Committee on Foreign Affairs.

2708. By Mr. DARROW: Petition of the city council of Philadelphia, Pa., urging daylight-saving legislation; to the Committee on Interstate and Foreign Commerce.

2709. By Mr. EDMONDS: Petition of the city council of Philadelphia, Pa., urging daylight-saving legislation; to the Committee on Interstate and Foreign Commerce.

2710. By Mr. EMERSON: Petition of Lake Erie Post, No. 42, American Legion, of Ohio, favoring the American Legion bill for compensation; to the Committee on Ways and Means.

2711. By Mr. FULLER of Illinois: Petition of the North Boone Post, No. 205, of Capron, and the Walter S. Page Post, No. 161, of Chicago, Ill., American Legion, favoring adjusted compensation for the ex-service men and women; to the Committee on Ways and Means.

2712. By Mr. GALLIVAN: Petition of the Carton Belting Co., of Boston, Mass., relative to certain provisions in the Post Office appropriation bill, etc.; to the Committee on Appropriations.

2713. Also, petition of the Aberthaw Construction Co., of Boston, Mass., urging support of the 1-cent drop postage, etc.; to the Committee on the Post Office and Post Roads.

2714. Also, petition of the Walworth Manufacturing Co., of Boston, Mass., opposed to House bills 12379 and 12646; to the Committee on Banking and Currency.

2715. Also, petition of the Boston City Federation of Women's Clubs, of Boston, Mass., and the New Jersey Federation of Women's Clubs, of East Orange, N. J., urging appropriation for the interdepartmental social hygiene board; to the Committee on Appropriations.

2716. Also, petition of Harry E. Olson, editor of the Export Recorder, Boston, Mass., relative to certain provisions in the Post Office appropriation bill; to the Committee on Appropriations.

2717. By Mr. GOLDFOGLE: Petition of Maritime Association of the Port of New York, indorsing plan for additional pier facilities in New York Harbor; to the Committee on Rivers and Harbors.

2718. Also, petition of Hugh O'Neil, of Chicago, Ill., and other residents of that city, favoring recognition of the Irish Republic; to the Committee on Foreign Affairs.

2719. By Mr. JAMES: Petition of Joseph St. George, post commander, Post No. 90, American Legion, Torch Lake Post, Lake Linden, Mich., in favor of \$50 per month bonus; to the Committee on Ways and Means.

2720. By Mr. KAHN: Papers to accompany House bill 4712 (a bill authorizing the President to appoint Henry S. Kiersted, late a captain in the Medical Corps of the United States Army, a major on the retired list; to the Committee on Military Affairs.

2721. By Mr. KENNEDY of Rhode Island: Petition of Woonsocket Chamber of Commerce (Inc.), Woonsocket, R. I., favoring passage of Tinkham bill establishing housing bureau; to the Committee on Public Buildings and Grounds.

2722. By Mr. MURPHY: Memorial of the Silver Manufacturing Co., Salem, Ohio, supporting House bill 13015; to the Committee on Ways and Means.

2723. By Mr. O'CONNELL: Petition favoring recognition of the Republic of Ireland; to the Committee on Foreign Affairs.

2724. Also, petition of Albert H. Hillman, general manager, Tobacco Record, New York City, urging taxing of dealers in candy, soda water, and foodstuffs that are eaten on the premises, etc.; to the Committee on Ways and Means.

2725. Also, petition of Parker, Stearns & Co., Brooklyn, N. Y., opposing House bills 12379 and 12646, regarding collection of checks; to the Committee on Banking and Currency.

2726. By Mr. Rowan: Petition of the American Jewelers' Protective Association and the Edward F. Caldwell Co., of New York City, opposing House bill 12379; to the Committee on Banking and Currency.

2727. Also, petition of the Sioux Falls Chamber of Commerce, relative to the salaries of Government employees; to the Committee on Appropriations.

2728. Also, petition of the United States Park Police Association, Washington, D. C., urging increase in salary, etc.; to the Committee on Appropriations.

2729. Also, petition of the Label Manufacturers' National Association and the Folding Box Manufacturers' Association, of New York City, relative to the excess-profit tax; to the Committee on Ways and Means.

2730. Also, petition of W. & J. Sloane, of New York City, opposed to House bill 12976; to the Committee on Ways and Means.

2731. By Mr. THOMPSON: Petition of Montpelier Post, No. 109, the American Legion, Montpelier, Ohio, urging the enactment in its entirety the Thompson soldiers' compensation bill known as House bill 12906; to the Committee on Ways and Means.

2732. By Mr. VARE: Petition of City Council of Philadelphia, Pa., asking for passage of daylight-saving law; to the Committee on Interstate and Foreign Commerce.

SENATE.

THURSDAY, April 1, 1920.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, we pause in this sacred moment as Thy providence calls us to the duties of a new day. We face responsibilities which no human strength or wisdom dare face. We seek Thy guidance and blessing for the welfare of millions of Thy people who are dependent in some measure upon the work of this Senate. We pray that we may so well and duly perform our work as that we may advance the interests of Thy people and glorify Thy name. For Christ's sake. Amen.

On request of Mr. CURTIS, and by unanimous consent, the reading of the Journal of yesterday's proceedings was dispensed with and the Journal was approved.

CALLING THE ROLL.

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Brandegee	Harding	Moses	Smith, Md.
Capper	Harrison	Nelson	Smith, S. C.
Comer	Jones, N. Mex.	New	Smoot
Culberson	Jones, Wash.	Norris	Spencer
Cummins	Kellogg	Nugent	Sterling
Curtis	Kendrick	Page	Thomas
Dial	Knox	Phipps	Townsend
Dillingham	Lenroot	Pomerene	Warren
Fernald	McKellar	Sheppard	Watson
Gay	McLean	Simmons	
Gronna	McNary	Smith, Ariz.	

Mr. GRONNA. I desire to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is absent due to illness. I ask that this announcement may stand for the day.

Mr. McNARY. I wish to announce the absence of my colleague [Mr. CHAMBERLAIN] on account of illness.

Mr. GAY. I desire to announce the absence of my colleague [Mr. RANDELL], who is necessarily detained from the Senate.

Mr. McKELLAR. The Senator from Arizona [Mr. ASHURST], the Senator from Montana [Mr. MYERS], the Senator from California [Mr. PHELAN], and the Senator from Alabama [Mr. UNDERWOOD] are absent on official business.

Mr. CURTIS. The Senator from Maine [Mr. HALE], the Senator from New Hampshire [Mr. KEYES], and the Senator from Florida [Mr. TRAMMELL] are absent in attendance on a subcommittee of the Committee on Naval Affairs.

The PRESIDENT pro tempore. Forty-one Senators have answered to their names. There is not a quorum present. The Secretary will call the names of the absent Members.

The Reading Clerk called the names of the absent Senators, and Mr. BECKHAM, Mr. CALDER, Mr. GLASS, Mr. OVERMAN, Mr. SUTHERLAND, and Mr. WADSWORTH answered to their names when called.

Mr. HENDERSON, Mr. ELKINS, Mr. SHERMAN, Mr. FRANCE, Mr. KIRBY, and Mr. McCUMBER entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Fifty-four Senators have answered to their names. There is a quorum present.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House disagrees to the amendments of the Senate to the bill (H. R. 11578) mak-